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VOL. 2



Ontario

Report of The Provincial-Municipal Grants Reform Committee

Volume II

(Appendices To The Report)



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Report of The Provincial-Municipal Grants Reform Committee

Volume II

(Appendices To The Report)



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Ministry and Grant Program

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APPENDIX A

DETAILED DESCRIPTION OF PROVINCIAL-MUNICIPAL

GRANT PROGRAMS IN ONTARIO

MINISTRY OF AGRICULTURE

AND FOOD

THE DRAINAGE ACT

Legislative Authority

This program is authorized by The Drainage Act, Statutes of Ontario 1975, Chapter 79, Section 8, as amended in 1976.

Background and Development

This Act provides a mechanism for the construction, maintenance and/or improvement of works necessary to regulate the water table or water level on or in any land and provides financial assistance for the construction of adequate drainage facilities for agricultural lands. It serves to lessen or eliminate property damage from flooding caused by the drainage of agricultural lands into a natural watercourse or artificial drains.

A basic knowledge of drainage and watercourses is fundamental to the understanding of the mechanics and scope of The Drainage Act as it stands today. Common law provides rules and obligations not only for riparian¹ landowners regarding the drainage of their lands into a natural watercourse², but also

-
1. A landowner whose property is immediately adjacent to a natural watercourse.
 2. A natural watercourse has been defined by the Courts as a channel with banks formed by the flowing of water and must present to the eye the unmistakable evidence of running water. It is not necessary that the water flow continuously or from a perennial living source. It is sufficient that the water rise periodically from natural causes and reach a plainly defined channel of a permanent character.

for non-riparian landowners in respect of the drainage of surface waters from their properties.

Under common law, a riparian landowner has the right to drain his lands into a natural watercourse through ditches or proper drains. His drainage may increase the volume of water in the watercourse to the maximum height of its banks without his incurring any liability for any flooding which his actions may cause to landowners of low lying land.

The landowner of low lying ground, on the other hand, is obliged to accept any excess water flow from the riparian landowner. He may, however, protect his land from flooding by surface water or water from percolation caused by rainfall, by building structures or by raising the level of his land. The water that he collects as a result of taking these measures, must be taken to a sufficient outlet (i.e. a natural watercourse or legal drain under The Drainage Act). Once he collects water in an artificial channel, such as a ditch on his property, he is liable for any damages caused to another landowner's property by his discharged collected surface water.

The Drainage Act financially aids landowners in the proper drainage of their properties to minimize and eliminate any risk of damage for which they might otherwise be liable when draining their lands.

A riparian landowner will receive no financial aid towards the construction of a lateral drain³. However, if the

3. Such a drain serves to drain only the property which is immediately adjacent to a natural watercourse.

drain serves a property⁴ which is not directly adjacent to the drain, then its total cost is subsidizable under The Drainage Act. In effect, a riparian owner whose land is wet because of surface water flowing on his land from higher land may petition for a drain and receive a grant. For the non-riparian landowner whose land is not adjacent to the drain, any drain would have to cross at least two properties in order to be eligible for grant.

Historically, Committees of the Legislature have been established and Acts regarding drainage have been passed—all serving to provide a foundation for the present Drainage Act. These can be summarized in the following manner:

1835 - "An Act to Regulate Line Fences and Watercourses"

- provided for the cost of construction of the drainage work to be borne in proportion to the interests of the individual's concern.

1859 - The above Act was repealed and a new Act instituted which provided for drainage works by interested landowners. It also provided for the appointment of an engineer, for the passing of a by-law, for the construction of a drainage work, for the assessment of benefit accruing to drained property, for

4. A "property" is considered to be one lot in a specific concession. A minimum of two such "properties" (i.e. two lots within the concession, with one not directly adjacent to the watercourse), must be drained before the cost of the drain may be Provincially subsidized.

the issue of debentures by municipal council, and for the provision of appeal of the petition to the County Court Judge.

1860 - Establishment of the Ontario Department of Public Works—gave it the responsibility for constructing drainage works in swampy areas. At the same time, it began to realize that the high cost of drainage work construction was preventing farmers from draining lands by way of petition. In an attempt to remedy this situation, legislation was passed allocating funds to be spent on drains constructed under the Public Works Department. These monies were in the form of loans with recovery from landowners after drain construction was completed.

1871 - The Commissioner of Public Works was given the power to act on any petition signed by a majority of landowners benefitting from a drain.

1874 - Previous Acts relating to drainage were repealed and "An Act Respecting Ditching and Watercourses" was passed. It consolidated all preceding Acts and authorized the appointment of a registered Ontario Land Surveyor.

- 1884 - The above Act was amended to require that every drain be continued to a sufficient outlet.
- 1892 - A Commission which was appointed to look into Ontario's drainage laws recommended that drainage matters be taken out of local hands and placed under control of a Board appointed by Cabinet. In addition, it advocated the appointment of a qualified engineer to assess the benefits from a proposed drain which would be used by a municipal council to assess the validity of the petition.
- 1894 - The Municipal Drainage Act was passed and provided for drainage referees to be appointed to mediate any conflicts arising between petitioners and engineers.
- 1948 - The Select Committee of the Legislature on Drainage concerned itself with the relationship between drainage and the problems of conservation and flood control, and recommended that a neutral authority be established to review drainage schemes from the standpoint of the whole watershed.
- 1960 - An Advisory Committee of Cabinet was established to eliminate the confusion and division of responsibility under the numerous, and not entirely related, drainage laws in Ontario. A new Drainage Act, the immediate forerunner of the present Act, was drawn up.

The present Drainage Act authorizes the construction of drains under three agreements: (1) private drains by agreement⁵ between two or more landowners; (2) by petition⁶ to the municipality; and (3) by requisition⁷ presented to the municipality's Clerk by a landowner to request the appointment of an engineer for the drainage work. The most common method of authorization, and the only method under which grant is paid, is by petition. The petition procedure ensures that the landowners, physically and financially affected by the proposed drain, will be the determining force in deciding whether or not the drain will be constructed.

Eligibility

A petition describing or identifying the area requiring drainage must be filed with the Clerk of the initiating municipality for presentation to Council. For the petition to be valid it must be signed by (1) the majority, in numbers, of the landowners shown on the last revised assessment roll in the area requiring drainage, or (2) the landowners holding at least 60% of the land in the area requiring drainage, or (3) the road superintendent of the municipality, or (4) the Ministry of Agriculture and Food.

The Council has to consider the petition within 30 days of filing, and if accepted it must, within the 30 days, send notice to each petitioner, the Clerk of any other affected

5. The Drainage Act, Section 2

6. Op. cit., Section 3 (3).

7. Op. cit., Section 4.

municipality, and the local conservation authority. If no conservation authority exists, notice is to be sent to the Minister of Natural Resources. In all instances, the notice must contain the description of the area requiring drainage, the date the petition was received, and a copy of the Council's resolution to proceed. If the Council rejects the petition, it has 30 days from the date of filing of the petition to notify each petitioner. Each petitioner has the right to appeal the Council's decision to the Ontario Drainage Tribunal, a Provincially appointed independent body. If the Council decides to proceed it must, within 60 days of its decision, appoint an engineer who may have to prepare a preliminary report for the proposed drain, as well as an environmental and/or cost-benefit analysis if such is requested.

The local municipality or conservation authority, or the Minister of Natural Resources, has 30 days from the date that the notices were sent to inform the Council that an environmental appraisal and/or a cost-benefit analysis of the project is needed. These may also be requested by the Council of the initiating municipality. Either case necessitates a preliminary report by the engineer, as authorized by Council, which must be received within six months of the engineer's appointment. If the report is not received within this period of time, the Council should extend the time for filing the report by resolution or by-law, whichever was used to appoint the engineer. If the

Council fails to appoint an engineer, any petitioner may appeal to the Tribunal.

The engineer sets a date for a meeting on the drainage worksite of all landowners within the area requiring drainage. The Clerk of the initiating municipality must notify all landowners affected.

The Council should pass a resolution that it wishes to proceed on the engineer's report since the Act authorizes further steps only if the municipality intends to proceed with the drainage works. If the Council intends to proceed, a notice and a copy of the report including the plan, profile and specifications must be sent to (a) affected landowners in the initiating municipality, (b) the Clerk of any other affected municipality, (c) the secretary-treasurer of any conservation authority having jurisdiction over any affected land, (d) any railway company, road authority, or public utility affected, (e) the Minister of Natural Resources where land is under his jurisdiction, and (f) to the Ontario Ministry of Agriculture and Food.

The Clerk of any other affected municipality must, within 30 days of its receipt of the initiating municipality's report, send notices containing (a) the date of the filing of the report, (b) the name or other designation of the drainage work, and (c) the date of the Council meeting at which the report will be considered. At the meeting, all affected landowners are given the opportunity to withdraw or add their names to the

petition. If, at the end of the meeting, the petition has a sufficient number of names, Council (a) may adopt the report by giving two readings to a by-law for adoption, thus establishing a provisional by-law, (b) may proceed no further, in which case any petitioner may appeal to the Tribunal, or (c) may refer the report back to the engineer for further consideration. If the report is referred back, the proceedings for handling the report start over again.

Within five days of adopting the report, the Council must send a copy of the provisional by-law and the date of the Court of Revision hearing to any other affected municipality. All Councils must send copies of this information to all assessed or compensated landowners within 30 days of the adoption of the report.

The first sitting of the Court of Revision must be held between 20 and 30 days from the date of mailing of the provisional by-law. Any landowner wishing to appeal the drain costs for which he has been assessed must notify the Clerk of the initiating municipality at least 10 days before the first sitting of the Court. If the landowner is dissatisfied with the Court's ruling, he may appeal to the Ontario Drainage Tribunal. The Clerk of the initiating municipality will alter cost assessments in accordance with the decision of the Court of Revision or the Tribunal.

A landowner or public utility may appeal the engineer's report to either the Drainage Referee⁸ or the Drainage Tribunal within 40 days after the mailing of the engineer's report. Similarly, the Council of any municipality which has received a notice from the initiating municipality may appeal the engineer's report within 40 days of the date that the report was sent by the initiating municipality.

The Council of the initiating municipality authorizes the construction of the drain through by-law after the time for all appeals has expired, and any appeals have been completed. This by-law may be quashed by any landowner and notice of intention of this action must be received by the Clerk of the initiating municipality within 10 days of the passing of the by-law. If such a notice is received, proceedings are delayed until a hearing is held or until three months have passed without an application being made to the Drainage Referee. The Referee's decision is final. Council must amend the by-law if either insufficient or surplus funds are provided. Work on the drain commences if appeals, if any, have been favourably resolved. Upon completion of the drain, any landowner dissatisfied with the quality of the workmanship on the drain may, within one year of the completion, appeal to the Drainage Tribunal.

8. A County Court Judge, appointed by Order-in-Council, who hears appeals of a legal nature pertaining to the engineer's report, petitions, council resolutions, provisional by-laws relating to the drainage work, determines claims and settles disputes, entertains applications for orders of discretion or restraint, etc.

The by-law for the construction of the drainage works may be repealed at any time before the work has started. A drain may be abandoned by petition of 75% of the landowners assessed for benefit who own not less than 75% of the area assessed for benefit. This abandonment may be initiated by Council or on the recommendation of the engineer if he feels that the drain is no longer useful.

The Engineer

The engineer, under Section 1 (12) of The Drainage Act, may be "an engineer registered under The Professional Engineers Act or a surveyor registered under The Surveyors Act, or a partnership, association of persons, or corporation that holds a certificate of authorization under The Professional Engineers Act or The Surveyors Act."

In addition to the duties already stated, the engineer is responsible for any environmental and/or benefit-cost analyses of the project which may be requested. He is also responsible for determining the value of assessments for "outlet", "injury" and "benefit", as well as determining whether the land is agricultural. Because of the common law responsibility, the owner of each parcel of land in the watershed is generally charged for outlet liability. In other words, the landowner has to pay for the increased size or cost of the drain due to the volume of water which he collects on his property or discharges, even

though the drain may not provide a direct outlet for his artificial drainage or even remove all the surface water from his land. In addition, the landowner is also liable for any damage he may cause to another landowner's property from the water he collects and discharges into a drain which does not have a sufficient outlet. The injuring landowner may also be charged for relief from such "injuring liability" if the new drain serves as an outlet for his water and thus prevents further damage from occurring.

The assessment for outlet and injury liability is based on the volume and rate of flow of the water artificially caused to flow from the landowner's property. Generally, the assessment is based on a unit value per acre. Landowners situated higher in the watershed will have a greater unit charge than those owners near the outlet since water from their land makes use of the drain for a greater length. A difference may be made in the unit outlet charge due to varying types of soil or land use, or the distance to the drain.

The property owner may also be assessed for benefit. Benefit will vary between different lands according to their difference in elevation, quantity of water to be drained from each, distance of undrained land from the course of the proposed ditch, and the presence or absence of existing drains and other like factors. The benefit accruing to a parcel of land is determined by the increased financial value of the land resulting from

the construction of the drain, either through increased productive power of the land, or by rendering it more saleable and at a better price, or by preventing water from entering onto it.

In some instances, a "special benefit assessment" may be levied against the property. This value usually represents the difference in cost between the original design and the increased level of design requested by the landowner, such as the construction of a pond beside the drain. In all cases, it is the duty of the engineer to determine whether or not a parcel of land receives any benefit. The onus is on the landowner to prove that the land does not receive benefit.

The engineer assesses each landowner affected by the proposed drainage work for "outlet liability", "injury liability", and "benefit" in such a manner that the sum of all assessments equals the total cost of the drain. This assessment schedule may be altered as the result of an appeal. However, once the by-law is passed authorizing the construction of a drain, the percentage share of the total cost assessed against each parcel of land remains constant until such time as an engineer is appointed to alter the schedule. The municipality charges each landowner pro rata in accordance with the engineer's assessment schedule, the benefitting landowner's percentage share of the final cost of the drain, on the benefitting individual's property tax bill. The final cost is determined upon the completion of the drain and is adjusted by a Provincial grant which is apportioned to each landowner on the same basis as his portion of assessed costs for the drain.

Court of Revision

The Court of Revision is comprised of from three to five members, if only one municipality is involved in the proposed drainage works. If more than one municipality is affected by the drain, then the initiating municipality appoints two members to the Court, one of whom is the Chairman, and the other municipalities appoint one member each. In all cases, members of the Court must be Councillors or persons eligible to be elected to Council.

The Court hears appeals from landowners against the engineer's assessments of the percentage of expenditure for which they are liable.

The Ontario Drainage Tribunal

The Tribunal, according to Section 97 (1) of The Drainage Act, is composed of a Chairman, and such number of Vice-Chairmen and other members as shall be appointed by the Lieutenant Governor-in-Council. Three members, one of whom shall be a barrister, constitute a quorum. The Tribunal may have Provincial government members. It may act independently in hearing appeals not only against the decision of the Court of Revision, but also against technical aspects of the drain. In addition, the Tribunal will decide any appeal against the need for the drain, the drain's cost, against the initial petition for the drain, and against the lack of response or action by the Council in building the drain.

Because of the Tribunal's independence, the Minister of Agriculture and Food may refer an appeal, or be party to an appeal, to the Drainage Tribunal.

Amendments on Appeals

The Clerk of each local municipality alters the assessment schedule of cost against a property as indicated in the engineer's report and in the provisional by-law in accordance with the decisions of the Court of Revision and the Tribunal. The provisional by-law may be passed only after all time for appeal has elapsed. If Ontario Municipal Board approval is required, the by-law will have to comply with the provisions of The Ontario Municipal Board Act before passing. The Council of each local municipality, after time for appeal has elapsed, passes a by-law on the assessed lands establishing the rates by which they are assessed. The by-law authorizing the construction, improvement or maintenance of a drainage work may be repealed before the work is commenced and before any assessment of cost has been officially and legally levied against the land assessed.

Tenders

If the tenders for construction exceed the engineer's estimate of construction by 33 1/3%, the Council must hold a meeting of the affected people, who then have the opportunity to withdraw from or add names to the petition. If there is a sufficient petition at the end of the meeting, Council may proceed with construction

by passing a by-law. After the by-law is passed, Council has to wait 10 days to receive any notice of intention to quash the by-law. If such notice is received, no work may be done until the application is dealt with or until three months have passed with no application being made.

A portion of the drainage cost assessed against agricultural land may be paid by the Province in the form of a grant if the work is done under an engineer's report.

The Council sends application for grant to the Ministry of Agriculture and Food after the work is completed and time for appealing assessment of costs has expired, and there are no appeals or after all appeals have been heard.

Shareable Costs

If, in the engineer's opinion, the criteria for the petition for the drainage works are deficient or unmet in respect of applicant eligibility or methodology of application for the works, the original petitioners are liable for and are charged with costs incurred by the municipality in connection with the petition and preliminary report, exclusive of grants and costs of environmental appraisal and cost-benefit analysis performed. Payment of these costs is recovered through additional property taxes on the petitioners. The engineer's fees also form part of the cost of the drainage works.

The capital cost for the construction or maintenance of the drainage work, as well as the cost associated with temporary financing, are subsidizable. According to The Drainage Act, a "drainage work" is defined to include a drain constructed by any means, including the improving of a natural watercourse and includes works necessary to regulate the water table or water level within or on any lands or to regulate the level of the waters of a drain, reservoir, lake or pond, and includes a dam, embankment, wall, protective works or any combination thereof. The Province always subsidizes the cost of the preliminary report regardless of the type of land being considered for drainage, and regardless of whether the report is performed by request or by necessity, when in conjunction with an environmental appraisal or cost-benefit analysis of the drain. The cost of the preliminary report will be Provincially subsidized even if the municipality should, for some reason, decide not to proceed with the construction of the drain.

Provincial Rate of Support

Grant is paid, upon Ministerial receipt of application, from the initiating municipality. The rate of grant is as follows:

- (a) for an initiating municipality in a Region or County —
33 1/3% of the expenditures eligible for grant;
- (b) if the initiating municipality is a Regional or District Municipality in a Territorial District or Provincial County — 66 2/3% of the expenditures eligible for grant;

- (c) in unorganized territory — a grant not exceeding 80% of the eligible expenditures.

If the drainage works span two or more municipalities, the grant is apportioned on the percentage of expenditures eligible for grant in each of the municipalities and is applied to reduce the expenditure liability of each parcel of land in the municipality eligible for grant.

Municipal Financing

A municipality's share of drainage work costs is met by a special rate on affected landowners through their property taxation. These costs usually pertain to drainage of a road which is also eligible for subsidy from the Ministry of Transportation and Communications under The Public Transportation and Highway Improvement Act. Should the project require funding over a period of time, the municipality must obtain approval from the Ontario Municipal Board before it may issue debentures.

Cash Flow of Grants

The following Provincial transfers are exclusive of federal funding under A.R.D.A.

<u>1975/76</u>	<u>1976/77</u>	<u>Estimated 1977/78</u>
(\$000)	(\$000)	(\$000)
\$3,800	\$3,700	\$4,500

Availability of Federal Funding

Federal funding is available in those areas designated for assistance under the Agriculture and Rural Development Agreement. In these instances, the federal-Provincial cost-sharing agreement is such that the federal government reimburses the Province approximately 50% of costs associated with drainage work. Under the Agreement, the federal government will not subsidize any costs of temporary financing, nor Provincial sales tax.

Approximately \$1.4 million was spent by ARDA for drainage in each of the last two fiscal years. The current estimate for the 1977/78 fiscal year is \$1.8 million.

FLOOD CONTROL PROGRAM

Legislative Authority

Funds are presently being made available through The Agricultural Rehabilitation and Development Act, R.S.O. 1970, Chapter 12, Section 3(1).

Background and Development

This program provides for the protection of agricultural lands in southwestern Ontario from flooding of the Great Lakes.

Severe storms on Lake Erie in November 1972 critically threatened the existing dikes protecting 6,000 acres of vegetable crop land at Erieau in Harwich Township and near Leamington in Mersea Township. These dikes, sufficient to protect against existing conditions but not against the erosion and high water levels caused by such storms, were initially constructed and maintained under terms of The Drainage Act. The Act provided a Provincial grant of 33 1/3% on all eligible construction and maintenance expenditures to the affected local municipalities. The grant recipients funded the remainder of the expenditures. In addition, there were 12,000 acres of prime agricultural crop land on Pelee Island that would be flooded unless immediate protective works were installed. The Ontario Minister of Agriculture and Food obtained provincial authorization and

requested the Minister of Regional Economic Expansion, Canada to provide under the Federal-Provincial Rural Development Agreement, 45% of the cost of such works which would be matched by the Province. The affected municipalities would be responsible for the remaining 10% of the cost. A special agreement was signed with DREE on May 30, 1973 authorizing a total expenditure of \$2.7 million based on the above cost-sharing for lakeshore protective works to the agricultural lands in the municipalities of Pelee, Harwich and Mersea.

The federal-provincial program was supplemented by a Provincial special emergency assistance program enacted by Order-in-Council. Under this program, any municipality bordering on the Great Lakes was eligible to receive assistance towards the cost of works of an emergency nature, such as dike and road repair and pumping, etc, necessitated by flooding and erosion as a result of high water levels in the Great Lakes. The municipality was eligible to receive 80% of the final actual eligible costs of the works, net of any other Provincial grant contributions made or to be made in connection with such works. The remainder of the expenditures was met by the benefitting municipality. This program is still in force and is currently being administered by the Ministry of Treasury, Economics and Intergovernmental Affairs.

When the complete extent of the implications of wind-influenced high lake levels had been fully understood, local

landowners requested substantial improvements to existing facilities and construction of new ones that would provide adequate protection from serious high water levels and also provide erosion control. Much of the incentive for this program came from the local conservation authorities which, because of the high cost involved, petitioned senior levels of government for a higher rate of grant. They requested that senior governments subsidize 90% of the expenditures and that the municipalities fund the remaining 10%.

The Minister of Agriculture and Food for Ontario requested the Federal Minister of Regional Economic Expansion to extend the funding provided under the special flood control agreement of 1973. This would enable agricultural flood protection to be carried out on the Lower Thames, the Lake St. Clair and Lake Erie shorelines in Essex and Kent Counties, to complete the Pelee Island and Eriean projects and for certain areas in the Regional Municipality of Niagara. The Government of Canada declined further participation in this program under Federal-Provincial Rural Development Agreement but referred the problem to Environment Canada and Agriculture Canada.¹

1. DREE's involvement in the 1973 program occurred as a result of an emergency. The federal government declined participation under DREE in this new program because the area requiring assistance did not fall into DREE's "selected rural area" category.

An agreement dated March 26, 1974 was executed between Canada and Ontario that provided for funding an agricultural flood protection program for the above areas, totalling \$16,250,000, to be cost-shared 10% local, 45% Ontario and 45% Canada. This agreement was signed by the Minister of Environment Canada, the Minister of Agriculture Canada and the Minister of Agriculture and Food for Ontario.

This new program is explicit in providing protection for existing agricultural lands from Great Lakes flooding in southwestern Ontario. A Joint Committee, comprised of 2 representatives from the federal government and 2 representatives from the Provincial government, was established under the Agreement to assume responsibility for all works specified in the Agreement. Specifically, the Joint Committee was to report annually to the federal and Provincial governments on the progress of the program, plan the program's annual budget, make plans for the forthcoming year, recommend projects for approval by Canada and Ontario and co-ordinate the implementation of approved projects. The local conservation authorities, which were designated under the Agreement as implementing agencies, established a steering committee to administer the program within authority boundaries.

Eligibility

The program provides for the protection of agricultural lands in southwestern Ontario from flooding by the Great Lakes.

The program is administered locally by the conservation authority in whose area flooding is taking place. The authority must make an application to the Joint Committee in which it outlines the area affected and the remedial measures it proposes to undertake. The Committee reviews the application and accepts it if and only if agricultural lands are being flooded by the Great Lakes. If the application is accepted, the Committee authorizes the authority to carry out the necessary engineering studies required to determine the costs of the remedial measures as per Provincial standards established by the Ministry of Natural Resources. A grant is paid to the conservation authorities upon submission of expenditure invoices for certain costs as stated in the Agreement.

Agricultural lands protected by this program may not be changed to a use incompatible with the intent of the program within 20 years after the program's inception. If the protected lands cease to be used for agricultural purposes, the municipality in which these lands are situated must reimburse Ontario and Canada with an amount equal to the senior governments' share of the original investment for the relevant portion of works constructed under the program.

Shareable Costs

Under the Agreement, the Province will subsidize the cost of construction of permanent dikes in southwestern Ontario. The Province pays grant on eligible expenditures for the administration of the program, salaries and expenses of certain Provincial employees, preparation of plans and specifications, calling of contracts, construction work performed, purchase and handling of materials and supplies, hiring of machinery and equipment, supervision and inspection of the work, provision of services, acquisition of rights-of-way where they are not Crown land, and the interest paid on funds borrowed by local public authorities to meet their share of financing program costs towards which the Province and the federal government will contribute.

Provincial Rate of Support

The Province, through the Ministry of Agriculture and Food, will subsidize 90% of all eligible expenditures. Presently, the Ministry of Natural Resources provides the technical and administrative expertise required for the construction and/or maintenance of flood control structures. The resident engineer responsible for this program submits expenditure invoices to the Ministry of Agriculture and Food, which reimburses the conservation authority for 90% of the eligible costs. The Ministry of Agriculture and Food

subsequently makes a submission to Environment Canada to recover the federal share.

Municipal Financing

Municipalities within a conservation authority must participate in the financing of costs relating to flood control projects. The authority requisitions funds from each constituent municipality based upon the benefit derived by each member municipality.² "Benefit derived" is usually determined by the participating municipality's relative share of the prior year's equalized assessment, which is assumed to be directly proportional to the percentage in square miles of the municipality lying within the authority's jurisdiction.

The municipality raises its share of the levy by any method it deems fit, usually through property taxation. If, for example, a participating municipality is of the opinion that a major part of the benefit to be derived from the flood control facility accrues to a limited area within its boundaries, it may pass a by-law requiring that a specified portion of its total levy for the project be financed by a special rate upon the rateable properties in the benefitting area.

-
2. Where a regional municipality exists, the authority bills the region rather than an area municipality since the former is deemed to be the participating municipality with membership in the authority. The regional municipality generally considers an authority's requisition as part of its overall general levy on its area municipalities and apportions its levy on the basis of relative shares of equalized assessment.

Cash Flow of Grants

	<u>1975/76</u> <u>(\$000)</u>	<u>1976/77</u> <u>(\$000)</u>	Estimate <u>1977/78</u> <u>(\$000)</u>	<u>Allocation</u> <u>(%)</u>
Provincial Contribution	2,580	1,265	1,500	45
Federal Contribution	2,580	1,265	1,500	45
Municipal Contribution	<u>516</u>	<u>253</u>	<u>300</u>	<u>10</u>
Total	<u>5,676</u>	<u>2,783</u>	<u>3,300</u>	<u>100</u>

No advance payments are made.

Availability of Federal Funding

The Province applies to the federal government for reimbursement of up to 50% of its expenditures for flood control. The federal government, under a special Agreement with Environment Canada, will subsidize all Provincial expenditures except those for the administration of the program incurred by the conservation authority.

MINISTRY OF COMMUNITY

AND SOCIAL SERVICES

CHILDREN'S AID SOCIETIES

Legislative Authority

This program is administered under The Child Welfare Act, R.S.O. 1970, Chapter 64, as amended.

Description

Children's Aid Societies are non-profit corporations established to provide for protection of neglected children, prevent conditions which could create a need for protecting children, assist unmarried mothers, place children for adoption, and supervise children during the probationary period of adoption.

Fifty Children's Aid Societies provide services to children throughout the province. With a few exceptions, their jurisdictional boundaries are coterminous with those of regions, counties and districts.

Indian Bands and unorganized territories also fall under the societies' jurisdictions.

Children's Aid Societies operate three kinds of facilities: receiving homes, assessment centres and group homes. Some group homes are privately operated under contract with CAS. In addition, other children's institutions and licensed children's boarding homes, each of which generally accomodate small groups of children, provide services to societies on a fee-for-service basis.

The net operating expenses of Children's Aid Societies are financed by municipalities and the Province, and are shared by the federal government under The Canada Assistance Plan and The Indian Welfare Services Agreement.

Background and Development

Children's Aid Societies and child welfare, as a program of services, began in 1894 with the enactment of legislation to provide protection for children who were abused and neglected and to punish irresponsible parents.¹ This legislation recognized, for the first time, that the public should be responsible for the welfare of children deprived of adequate care. To this end, the legislation provided for the establishment of Children's Aid Societies as voluntary, essentially self-governing organizations under Provincial supervision.

Separate legislation was enacted in 1921 to protect the children of unmarried parents,² and in 1954 existing child welfare legislation was consolidated into the present Child Welfare Act. This Act was amended in 1960 to delegate greater administrative responsibility to the societies, and to broaden the range of their objectives.

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1. An Act for the Prevention of Cruelty to and Better Protection of Children, Statutes of Ontario 56 Victoria 1894, Chapter 45.
 2. An Act for the Protection of Children of Unmarried Parents, Statutes of Ontario, 1921, Chapter 54.

With subsequent amendments in 1966 came an important shift in philosophy, from emphasis on protection of neglected children to emphasis on the prevention of conditions requiring protection of children. Accordingly, the new version of the Act provided for additional funds and for changes in the financial and administrative structure of the societies to enable them to provide guidance, counselling and other related services. Specifically, changes included an increase in Provincial support for the societies, the inclusion of municipal representatives on CAS boards of directors to give local taxpayers a direct voice in CAS decision-making, and a clause requiring the societies to produce a comprehensive estimate of expenditures as a basis for determining grants.

Provincial support of Children's Aid Societies has increased substantially over the past 25 years. In 1949 the societies became eligible for Provincial grants for the first time, with the Province assuming responsibility for 25 percent of their net operating expenditures for regular child care. Provincial subsidies to Children's Aid Societies increased to 40% in 1957, to 60% in 1966 (with the introduction of federal-provincial cost sharing), and to 80% in 1975.

Prior to 1975, the Province's contribution for the care of children of unmarried mothers was 100% of costs. Commencing in 1975, this rate was reduced to the new general rate of 80%.

Eligibility

To qualify for Provincial support, a Children's Aid Society must estimate its net expenditures for the following year and file this estimate with the Director of Children's Services in the Ministry and with each of the municipalities³ in which the society has jurisdiction. In a territorial district where the towns, villages, townships and improvement districts have established a District Welfare Administration Board (DWAB)⁴, the Board acts on behalf of these municipalities. Where a city is not part of a DWAB, the CAS files its estimates with the city and the Board. In a district where there is not a DWAB, the councils of the municipalities in the district must jointly appoint five persons to a District Child Welfare Budget Board which acts on behalf of the municipal councils in reviewing the spending estimates and the apportionment of costs submitted by the Society.

If there is a disagreement about the amount of money to be approved or its apportionment among municipalities, the Children's Aid Society or the local parties involved may ask the Minister to have the matter settled by a three-member Child Welfare Review Committee. When such a committee is to be estab-

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3. Under The Child Welfare Act, a municipality means a regional municipality, a county, a city or separated town; and in a territorial district, a city, town, village, township or improvement district.
 4. Under The District Welfare Administration Boards Act, District Welfare Administration Boards may be established and maintained by towns, villages, townships and improvement district in a territorial district. A city or Indian Band in the district may also be included in a DWAB.

lished the Minister appoints the chairman, and one member each is appointed by the Ontario Association of Children's Aid Societies and the municipality or the district welfare budget board. This committee submits its findings and recommendations to the Minister, whose decision is final.

Shareable Costs

(a) Operating Costs

The gross expenditures of Children's Aid Societies grew at an average annual rate of 14.2 percent from 1966 to 1975, when the total reached \$86.5 million. Table 1 shows the breakdown of expenditures and revenue sources since 1966.

In an overall sense, the incidence of children in care has been declining relative to total social activity. This shift in emphasis away from the "children in care" category is impressed in Table 2.

TABLE 1
GROSS EXPENDITURES AND REVENUES
OF CHILDREN'S AID SOCIETIES
1966 to 1975

<u>Year</u>	<u>Total Operating Expenditures</u> (\$000)	<u>Financing Sources</u>			<u>Expenditure Growth Rate</u> (%)
		<u>Province</u> (%)	<u>Municipalities</u> (%)	<u>Miscell.</u> (%)	
1966	26,599	60.2	33.8	6.0	-
1967	33,566	69.0	25.9	5.1	26.2
1968	39,594	71.0	22.7	6.3	18.0
1969	44,503	70.3	22.9	6.8	12.4
1970	51,532	70.3	23.5	6.2	15.8
1971	54,082	69.3	25.0	5.7	4.9
1972	56,314	68.4	26.8	4.8	4.1
1973	61,380	68.1	27.5	4.4	9.0
1974	70,270	65.9	27.8	6.3	14.5
1975	86,549	76.4	18.01	5.6	23.2

TABLE 2

TREND IN CASELOAD OF CHILDREN'S AID
SOCIETIES BY TYPE OF FUNCTION

<u>Year</u>	<u>Preventive Services</u>	<u>% Change</u>	<u>Children in Care</u>	<u>% Change</u>	<u>Services to Unmarried Mothers</u>	<u>% Change</u>
1966	9,836	-	16,487	-	4,679	-
1970	11,580	-	17,807	-	4,641	-
1971	12,348	6.7	16,319	(8.3)	3,114	(33.0)
1972	12,970	5.0	15,110	(7.4)	2,879	(7.6)
1973	13,501	4.1	14,269	(5.6)	2,462	(14.4)
1974	14,283	5.8	13,718	(3.9)	2,325	(5.6)
1975	15,396	7.8	13,910	1.4	2,466	6.1

From 1966 to 1975, the number of children in care under age 10 has been falling, while the number over age 10 has been rising, with the following results:

TABLE 3

TREND IN CASELOAD OF CHILDREN'S

AID SOCIETIES BY AGE GROUP

<u>Year</u>	<u>Age 9 & Under</u>		<u>Ages 10 - 15</u>		<u>Ages 16 & 17</u>		<u>Ages 18 - 20</u>		<u>Total</u> <u>Number</u>
	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>	
1966	10,197	61.9	4,556	27.6	1,417	8.6	317	1.9	16,487
1975	4,997	36.0	6,087	43.8	2,299	16.5	521	3.7	13,904

Over the same period, there has been a decline in the use of foster home care and an increase in the placement of children in more costly facilities, as indicated in the following data:

TABLE 4

TREND IN TYPES OF RESIDENTIAL CARE

USED BY CHILDREN'S AID SOCIETIES

<u>Year</u>	<u>Foster</u> <u>Home</u> <u>%</u>	<u>C.A.S. Operated</u> <u>Home</u> <u>%</u>	<u>Group</u> <u>Home</u> <u>%</u>	<u>Paid</u> <u>Institution</u> <u>%</u>
1966	89.5	2.4	2.5	5.6
:				
1970	84.9	2.4	4.9	7.8
:				
1975	73.2	4.4	9.8	12.6

(b) Capital Costs

Children's Aid Societies make extensive use of outside paid care (e.g. boarding homes), and often administer their affairs from rented offices. Accordingly, capital expenditures are minor, and amounted to only \$42,000 in 1975.

Provincial Support

The Province supports the societies at the following rates:

- 100% of the net expenditure for the care of and services to children of residents from unorganized territory or the children of Indians with reserve status;
- 80% of the net expenditure for preventive services, the care of and services to children in care, and the care of and services to children of unwed mothers.

Capital grants from the Province are offered to three categories. For new construction the Province will pay a society up to \$5,000 per bed. For the acquisition of existing buildings the grant is up to \$1,200 per bed. For office accommodations a society or municipality may receive 25% of the cost.

Municipal Financing

The municipal share of CAS operating costs is financed through local taxation. Capital expenditure is insignificant,

and the portion not paid by the Province is largely the responsibility of the societies. Their share is financed mostly by voluntary agencies.

Allocation costs among municipalities

Children's Aid Societies allocate costs directly to regional municipalities, counties, cities, separated towns, District Welfare Administration Boards, and individual municipalities within those districts without District Welfare Administration Boards.

Where a Children's Aid Society has jurisdiction in more than one of the above areas, the costs are allocated as follows:

- Costs related to children in care are allocated on the basis of the proportion of children from each area to the total number of children in the Society's care.
- Costs related to protection and prevention services are allocated to each area on the basis of the ratio of its population to that of the whole area over which the Children's Aid Society has jurisdiction.

Since it would be impractical to determine on a day-to-day basis the administrative costs that should be applied to each category listed above, the respective costs are derived by formula.⁵

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5. Direct Care (DC); Supervision and other Services re: Direct Care (SS₁); Supervision re: Protection and Prevention Services (SS₂); Total Administrative cost (A).

$$\frac{DC + SS_1}{DC + SS_1 + SS_2} \times A = A_1 \text{ (Administrative cost relating to children in care)}$$

$$A - A_1 = A_2 \text{ (Administration costs relating to protection or prevention).}$$

In counties and regions, CAS costs are apportioned to constituent municipalities on the basis of equalized assessment. Where a District Welfare Administration Board is established, the Board apportions the costs on the basis of the prior year's equalized assessment. In districts without District Welfare Administration Boards, the CAS apportions its costs directly to the area municipalities (cities, towns, villages, townships and improvement districts).

Cash Flow of Grants

The Minister determines the amounts and frequency of payments to be made by the Province. Usually the payments are made once a month and are equal to one-twelfth of the approved estimate.

Availability of Federal Funding

The federal government shares the net expenditures of Children's Aid Societies with the Province.

Under The Indian Welfare Services Agreement the federal government pays about 95% of the cost of services to Indian children, and the Province pays the other 5%. The following table shows this aspect of cost-sharing in the four fiscal years ending in 1975:

TABLE 5
COST-SHARING OF C.A.S. SERVICES
TO INDIAN CHILDREN IN ONTARIO

<u>Fiscal Year</u>	<u>Federal</u> (%)	<u>Provincial</u> (%)	<u>Municipal</u>
1971-72	93.8	6.2	nil
1972-73	95.0	5.0	nil
1973-74	95.2	4.8	nil
1974-75	95.5	4.5	nil

Under The Canada Assistance Plan, the remaining net expenditure of the societies is cost-shared by the federal, provincial and municipal governments with the federal government assuming 50%. That is, the federal government reimburses the Province for 50% of the net expenditure for the cost of direct care and welfare services to children other than the Indian children covered under The Indian Welfare Services Agreement. The following costs relating to the administration of Children's Aid Societies are not shareable by the federal government:

- capital cost, or plant and equipment operating costs
- office equipment, printing, stationery, supplies, postage, telephone, rental of office accommodation including heating, lighting, water and property management.

The following administrative costs are shareable by the federal government:

- computer costs and research costs.
- salaries and employee benefits of administrative and professional personnel, travelling expenses, the cost of staff training, seminars and work-shops, and the cost of services purchased from consultants.

The total costs for 1975 deemed ineligible for federal sharing amounted to \$6 million; the Province, however, did share in these costs with municipalities. In addition, under The Canada Assistance Plan the portion of C.A.S. costs shared by the federal government is current eligible expenditures less a base-line deduction of \$5.6 million. This deduction represents salary and related expenses, travel costs, and training expenditures by Children's Aid Societies in 1964-65 (the year prior to the creation of CAP), and was designed to be an incentive for improving and augmenting professional resources available for services to children.

Thus, in 1975, \$11.6 million of the \$81.7 million paid to Children's Aid Societies by the Province and municipalities was not shared by the federal government.

Table 6 shows the distribution of cost-sharing in 1975 among the three levels of government.

TABLE 6
DETERMINATION OF FEDERAL,
PROVINCIAL AND MUNICIPAL SHARES
OF C.A.S. EXPENDITURES, 1975

(\$ Million)

Gross expenditure	86.5	
Less misc. income	<u>(4.8)</u>	
Net operating expenditure		<u>81.7</u>
Less expenditure re: Indians	(2.6)	
Less expenditure re: unorganized territories	<u>(0.2)</u>	
Expenditure shareable with municipalities	78.9	
<u>Federal Share</u>		
Expenditure shareable with municipalities	78.9	
Expenditure re: unorganized territories	<u>.2</u>	
	79.1	
Ineligible costs	(6.0)	
Base line deductions	<u>(5.6)</u>	
Federal-provincial shareable costs under CAP	67.5	
50% federal share under CAP	33.8	
95% federal share re: Indians	<u>2.5</u>	
Total Share		36.3
<u>Provincial Share</u>		
80% of expenditure shareable with municipalities (78.9 x .80)	63.1	
100% of expenditure re: unorganized territories	.2	
100% of expenditure re: Indians	<u>2.6</u>	
Gross Provincial Cost	65.9	
Less federal reimbursement under CAP	(33.8)	
Less federal reimbursement re: Indians	<u>(2.5)</u>	
Net Provincial Share		29.6
<u>Municipal Share</u>		
20% of expenditure shareable with province (.2 x 78.9)		<u>15.8</u>
Net operating expenditure		<u>81.7</u>

DAY NURSERIES

Legislative Authority

This program operates under the authority of The Day Nurseries Act, R.S.O. 1970, Chapter 104 as amended.

Description

Day nurseries form part of the comprehensive system of care and education of young children in Ontario. Under the Act, day nurseries are established and operated by municipalities, approved corporations and Indian Bands, to provide temporary care and custody of children for continuous periods not exceeding 24 hours.¹ Handicapped children receiving day care in nurseries for the retarded, or in nurseries for other types of handicap should be under the age of 18, whereas those attending other nurseries should be under 10.

The Act also authorizes the use of private-home day care. This involves the provision of day care services for a fee in a private home that is not the home of the child's parent or guardian. Table 1 provides a list of other types of programs that provide service to children in the same age groups as those in day nurseries. A number of kindergarten and school age children within this group receive supplementary day care services.

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1. Approved corporations are comprised of non-profit day nurseries affiliated with associations for the mentally retarded or other handicapped children, co-operative day nurseries, and any other non-profit day nursery so classified.

TABLE 1

OTHER TYPES OF PROGRAMS FOR YOUNG CHILDREN

Program	Age of Child	Duration	Ministry	Supplier
Junior Kindergarten	4	1/2 day	Education	School Board
Senior Kindergarten	5	1/2 day	Education	School Board
School (grades 1-5)	6-10	All day	Education	School Board
Schools for the Trainable Retarded	1-19	All day	Education	School Board (public only)
Hospital Schools	1-19	All day	Education & Health	Ministry
Provincial Schools for Emotionally & Mentally Handicapped	1-19	All day	Education	Ministry
Oral class for the Deaf	2-19	All day	Education	School Board
Crippled Children Centres	1-19	All day or 1/2 day	Health	Ont. C.C. Assoc.
Childrens Mental Health Centres	3-19	All day or 1/2 day	Health	Ministry

Background and Development

Day care has traditionally been provided by the family. However, several factors have arisen to foster the development of alternative types of care, for example:

- the participation of a growing number of women in the labour force.
- the large number of single parents resulting from the higher incidence of marriage breakdown and the increased number of single mothers willing to keep their children. (On this point two significant interrelationships which can be observed are the substantial increase in the number of female family heads receiving general welfare assistance ² and the reduction in the number of children of unmarried parents in the care of the Children's Aid Societies).
- the large influx of families to urban centres away from relatives who would normally provide day care for the children of working families.

Day nurseries developed in the early 1940's as a direct result of the urgent need for women in essential industries during World War II. An important factor in this development was the introduction in 1942 of the federal-provincial agreement under which

2. See the papers on Children's Aid Societies and General Welfare Assistance.

subsidies generally were provided to municipalities to establish day care centres. In the first year of the program, the number of day care facilities in Ontario increased from 5 to 30. The agreement was terminated in 1946, but parents requested continuation of the program and the Province introduced The Day Nurseries Act to come into effect upon termination of the agreement.

The Province also provided municipalities with a 50% subsidy on net operating costs, where such costs were incurred in respect of children whose parents were in financial need. Services purchased from private day nurseries by municipalities were subsidized by the Province at the same rate. By 1965 there were 356 licensed day nurseries across the Province operated by individuals, co-operatives, private agencies and municipalities, providing services to over 13,000 children.

In 1966, revisions were made to the legislation authorizing, among other changes, a substantial increase in the level of Provincial support. Municipalities and Indian Bands became eligible for an 80% subsidy towards the cost of services to children from lower income families. Assistance in relation to these families was on the basis of a needs test. Renovation costs incurred in establishing municipal nurseries were also subsidized at the 80% rate. In addition, the revision incorporated provisions which enabled the Ministry to exercise more

control over unlicensed day nurseries, and to prohibit such nurseries from operating below acceptable standards. The effect of these revisions was to encourage both expansion and improvement in the quality of day care services to children. By the 1970-71 fiscal year, there were 715 day nurseries comprised of 250 all day and 465 half day facilities. Table 2 shows the growth in day nurseries over the two year period 1960 to 1970.

TABLE 2
NUMBER OF DAY NURSERIES IN ONTARIO
1960/61 - 1970/71

<u>Period</u>	<u>Licensed</u>	<u>Unlicensed</u>	<u>Total</u>
1960-61	316	12	328
1961-62	316	12	328
1962-63	324	12	336
·	·	·	·
·	·	·	·
·	·	·	·
1968-69	526	14	540
1969-70	604	22	626
1970-71	698	17	715

To encourage expansion of day nurseries, in the fiscal years 1971-72 and 1972-73, the Province provided 100% capital subsidies totalling approximately \$10 million for the construction of day nurseries. In addition, the Act was amended to allow day

nurseries for the mentally retarded to qualify for this subsidy. These measures generated 2,875 additional spaces in day nurseries - 2,200 in municipal, 330 in Indian Band and 345 in nurseries for the retarded. The private home day care program was introduced in 1971. This program was particularly useful for the care of infants and young school age children where programs were not available. It has also proved useful in the provision of supplementary care for children in half-day kindergarten programs.

In order to widen the scope and improve the quality of day care services, the Province amended the legislation in 1973 to authorize for the first time, the direct payment of operating subsidies to associations serving physically handicapped children and to co-operative nurseries. These organizations, including associations for the mentally retarded, were now classified as approved corporations. Higher rates of subsidy to day nurseries for the handicapped were also specified and special programs were established to assist in the development of the handicapped child.

In the winter of 1974-75 the Province committed an additional \$15 million over 3 years in capital grants to cover 100% of the cost of construction purchase, furnishing and equipment of day nurseries in order to promote further expansion of day care services. By the end of 1975 there were 1,218 licensed day nurseries, comprised of 824 full-day and 394 half-day facilities in the Province. (See Table 3).

TABLE 3

NUMBER OF LICENSED DAY NURSERIES

<u>Type of Nursery</u>	<u>All Day</u>			<u>Part Day</u>		
	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>
Operated by:						
Municipalities	86	102	133	31	32	9
Indian Bands	10	12	13	-	2	-
Approved Corporations	9	28	29	69	81	82
Private Nurseries	247	327	649	502	508	303
	—	—	—	—	—	—
	352	469	824	602	623	394
	==	==	==	==	==	==

The 1971-72 capital incentive program, the 1973 amendment to the legislation, and the capital acceleration program initiated in late 1974 resulted in a 74% increase in the number of licensed day nurseries between 1970 and 1975.

Eligibility

To be eligible for any type of subsidy, day nurseries must be licensed, and in order to obtain a licence each nursery must meet certain requirements such as acceptable building and health standards.

Capital

Municipalities, Indian Bands, and approved corporations are eligible for capital grants.

Operating

Eligibility for Provincial operating subsidy is based on two types of situations:

- 1) Day nurseries for handicapped children are eligible for Provincial assistance without any reference to the income of the children's parents; that is, a "needs test" is not applied.
- 2) In the case of other types of day nurseries, parents who are able to pay the fees charged for day care make arrangements for private-home care or day care in the nursery of their choice without the involvement of the municipality. Parents who are unable to pay all or part of the cost of care may apply to the municipality for financial assistance towards the cost of providing day care for their children.

When making an application for assistance

parents must report their income and budgetary requirements in order that the municipal welfare administrator may determine whether the parent is able to contribute towards the cost of day care services. If the applicant is determined to be a "person in need" as defined under The General Welfare Assistance Act, the municipality either provides the service directly at the municipal day care centre or enters into an agreement for purchase of day care service from a private nursery or private home.

Rate of Provincial Support

The Province provides capital and operating grants to day nurseries as follows:

Capital

- a) municipal, Indian Band, and approved corporations:
 - 80% of the cost of building renovation, furnishings and equipment.
- b) handicapped children:
 - 80% of the cost of new construction or acquisition.
- c) municipal, Indian Band, and approved corporation (excluding handicapped children):
 - 50% of the cost of new construction or acquisition.

Operating

- a) Handicapped children five years of age and over:
 - 100% of cost.³

3. The Province pays 100% of the net operating cost for handicapped children 5 years of age and over since the educational requirements of all children within this age group are a public responsibility.

b) Handicapped children under five years of age:

(i) 100% of the first 35% of net cost.

(ii) 80% of the balance of the net cost of providing
day nursery services.

c) Other children:

- 80% of the net cost.

Total Shareable Cost

(a) Capital

In the five year period of 1971-72 to 1975-76, municipalities in Ontario received over \$14 million in capital grants to expand day care facilities. During the same period, \$1.7 million to associations for the handicapped and \$1.4 million to other approved corporations was provided to day care facilities. Most of these grants were made in connection with day nursery expansion programs stimulated by 100% Provincial capital grants.

TABLE 4

DISTRIBUTION OF PROVINCIAL CAPITAL GRANTS

1971-72 to 1975-76

(\$000)

<u>Year</u>	<u>Municipalities</u>	<u>Indian Bands</u>	<u>Associations for the Handicapped</u>	<u>Other Approved Corporations</u>	<u>Total</u>
1971-72	3,151	50	273	-	3,474
1972-73	3,962	726	1,545	-	6,233
1973-74	454	67	60	-	581
1974-75	1,525	85	114	154	1,878
1975-76	<u>5,133</u>	<u>735</u>	<u>1,470</u>	<u>1,228</u>	<u>8,566</u>
	14,225	1,663	3,462	1,382	20,732

TABLE 5
BREAKDOWN OF 1975/76 EXPENDITURES INTO EXPANSION CAPITAL*
AND ORDINARY CAPITAL
(\$000)

	<u>Municipalities</u>	<u>Indian Bands</u>	<u>Associations for the Handicapped</u>	<u>Other Approved Corporations</u>	<u>Total</u>
- Exp. Cap	4,642	704	1,193	1,333	7,872
- Ord. Cap	454	31	50	160	695
	<u>5,096</u>	<u>735</u>	<u>1,243</u>	<u>1,493</u>	<u>8,567</u>

* Expansion capital was funded at 100% in the fiscal years 1974-75 and 1975-76.

(b) Operating

The table below shows that in 1975/76 the Province paid over \$23 million in assistance to municipalities for the cost of day care. Of this amount, \$15.75 million or 68.01%, was paid to Metropolitan Toronto, Ottawa-Carleton and Hamilton-Wentworth Regions, which had 45% of the child population under 10 years old.

TABLE 6
OPERATING SUBSIDIES PAID TO MUNICIPALITIES
UNDER THE DAY NURSERIES ACT

(\$ Million)

<u>Year</u>	<u>Metro Toronto Ottawa-Carleton Hamilton-Wentworth</u>	<u>Other Municipalities</u>	<u>Total</u>	<u>% Growth in Grants</u>
1966-67	0.39	0.07	0.46	-
1967-68	0.50	0.12	0.62	34.78
1968-69	1.35	0.21	1.56	151.61
1969-70	1.58	0.61	2.19	40.38
1970-71	2.21	0.85	3.06	39.73
1971-72	3.08	1.50	4.58	49.67
1972-73	4.29	2.33	6.62	44.54
1973-74	6.28	2.93	9.21	39.12
1974-75	8.25	3.95	12.20	32.46
1975-76*	15.75	7.41	23.16	89.84

* abnormal growth rate resulted from large increase in salaries, inflation, and 2 month expenditure carry over from 1974/75. Note the sharp reduction in growth rates until 1975/76.

The Province shares net operating costs of day nurseries with the federal government, municipalities, approved corporations, and Indian Bands. Total shareable cost in 1975/76 was \$34.8 million as shown in the following breakdown.

TABLE 7

SHARE OF DAY NURSERY OPERATING COSTS AMONG THE PROVINCE

FEDERAL GOVERNMENT, AND LOCAL LEVEL

1975 - 1976

(\$000)

(a) Provincial Share		
re: Municipal \$28,955* x 80%	23,164	
re: Indian Bands \$784 x 80%	627	
re: Approved Corp.		
- Handicapped	3,714	
- Other \$688 x 80%	<u>550</u>	
Gross Provincial Share	28,055	
<u>Less</u> Federal reimbursement	<u>15,000</u>	
(b) Provincial Share		13,055
(c) Municipal Share		
\$28,955 x 20%		5,791
(d) Indian Band Share		
\$785 x 20%		157
(e) Approved Corp. Share		
- Handicapped		701
- Other \$688 x 20%		138
(f) Federal Share		<u>15,000</u>
		34,842

* Total Provincial/Municipal Cost derived as follows:

$$23,164 \div 0.8 = \$28,955$$

Municipal Financing

The municipal share of costs for day care is financed through local taxation. Costs are apportioned to area municipalities on the basis of equalized assessment.

Day nurseries for the handicapped finance their share of costs from parents' fees and voluntary services. Other approved corporations have a high proportion of parents who participate voluntarily in all aspects of day nursery operation.

Cash Flow of Grants

Municipalities and approved corporations make monthly claims for subsidy payments. Cash flow is dependent on the receipt of claims.

Availability of Federal Funding

Federal cost sharing is available under The Canada Assistance Plan for the cost of day care to children of persons who have proven financial need. The rate of recovery is 50% of the shareable costs incurred by municipal and approved corporations excluding day nurseries for the handicapped. A number of children presently receiving care in day nurseries for the handicapped are children of persons in need; however a needs test is not applied to the parents of children attending day nurseries for the handicapped. If such children received care in a day nursery for other children, their parents would

be eligible for assistance under The Canada Assistance Plan. Accordingly, an additional cost-sharing arrangement between the Province and the federal government is made whereby approximately 10% of the cost of day nurseries for the handicapped is deemed to be applicable to the children of parents in need. Total federal reimbursement for 1975/76 amounted to approximately \$15 million.

ELDERLY PERSONS' CENTRES

Legislative Authority

Provincial subsidies for elderly persons' centres have been provided under The Elderly Persons Centres Act, R.S.O., 1970, Chapter 140 as amended, and its predecessor, The Elderly Persons Social and Recreational Centres Act, 1961.

Description

Senior citizen organizations are free to operate centres for elderly persons or provide social and recreational programs without Provincial approval. These services are currently provided by an unknown number of organizations, some of which receive grants, rent-free space or other support from municipalities.

To receive Provincial assistance, however, a non-government group must meet certain criteria. It must be an incorporated charitable organization, approved by the Province, operating an elderly persons' centre. It must also have financial assistance from local government.

Background and Development

During the early years of this grant program, only non-profit corporations were subsidized by the Province. If

a municipality wanted to take part, it had to arrange for a non-profit corporation to operate the centre on its behalf. Later, the legislation was amended to allow municipalities to become approved corporations under the Act. In 1972, the legislation was changed further authorizing the Province to make special grants toward the cost of programs of services.¹ This enables a corporation to qualify for several grants -- one for each approved program of service. No municipal contribution is required as a prerequisite for these special Provincial grants.

Eligibility

Operators of centres for the elderly may qualify for three kinds of grants -- operating subsidies, special grants and capital grants.

(a) Operating subsidies

A municipality that operates an elderly persons' centre may apply monthly quarterly, semi-annually or annually for a Provincial subsidy equal to half the net operating expenditure subject to a maximum average of \$1,250 a month (i.e., \$15,000 a year).

To obtain an operating subsidy, a non-profit corporation must first obtain Ministerial approval. The Minister must be satisfied that in addition to Provincial assistance, the

1. These services are social in nature, such as means-on-wheels, invalid visitation and care, etc.

corporation is financially capable of establishing, maintaining and operating a centre, and that the corporation's affairs are carried on under competent management in good faith for charitable purposes. Once approved under these criteria, a corporation can qualify for an operating subsidy, providing that it receives from the municipality payments equal to at least 20% of its gross operating cost or the equivalent in property or services.

(b) Special grants

A municipality or an approved corporation may receive special grants for a program of service for elderly persons in an approved centre. The special grant to any one centre cannot exceed \$15,000 during any 12-month period.

(c) Capital grants

A municipality or an approved corporation may receive a grant towards the cost of a building erected, extended, altered, renovated or acquired for use as an elderly persons' centre or for furnishing and equipping a centre.

A municipality may receive a grant equal to 30% of the capital cost. An approved corporation, however, may receive a similar grant provided that the municipalities being served have contributed an amount equal to 20% of the gross capital cost, or the equivalent in real or personal property.

To qualify for a capital grant, the municipality or approved corporation must:

- establish the need for a centre (or an addition to one) to the Minister's satisfaction;
- evaluate the site to determine whether it will best serve the centre's programs and the needs of the elderly for whom the centre is intended;
- obtain the Minister's approval of the site and building plans.

Shareable Costs and Provincial Support

(a) Operating grants

The number of centres operated by (or on behalf of) municipalities has grown rapidly in the past two years. By the end of 1975, 27 centres were approved for assistance, and subsidy claims were received from 20.

TABLE 1
OPERATING GRANTS FOR ELDERLY PERSONS' CENTRES
RUN BY OR ON BEHALF OF MUNICIPALITIES

<u>IN ONTARIO</u>				
<u>Year</u>	<u>No. of centres subsidized</u>	<u>Shareable cost</u>	<u>Provincial subsidy</u>	<u>Net cost to municipality</u>
		(\$000)	(\$000)	(\$000)
1974	16	424	142	282
1975	20	614	173	441

For operations in 1975, 48 centres run by non-profit corporations received Provincial subsidies worth \$529,000, plus the requisite municipal support. (See Table 2). This total included all 38 subsidized centres in Metropolitan Toronto, none of which are operated by or for the municipalities.

TABLE 2
OPERATING GRANTS FOR ELDERLY PERSONS'
CENTRES RUN BY NON-PROFIT CORPORATIONS
IN ONTARIO

<u>Year</u>	<u>No. of centres subsidized</u>	<u>Shareable costs</u>	<u>Provincial subsidy</u>	<u>Municipal support</u>	<u>Centres' Contribution</u>
		(\$000)	(\$000)	(\$000)	(\$000)
1974	34 Metro	884	319	143*	422
	10 elsewhere	209	82	42**	85
	44	1,093	401	185	507
1975	38 Metro	1,392	424	267*	701
	10 elsewhere	303	105	61**	137
	48	1,695	529	328	838

* In addition to the payments made by Metro, the City of Toronto and the boroughs, rent-free accommodation has been provided by local governments in several instances, which would have the effect of increasing the local share to at least 20%.

** These amounts represent the minimum 20% required from municipalities to enable the centres to qualify for provincial subsidies. No data on the actual contributions are available.

In 1975 the Province paid out \$702,000 in operating subsidies to elderly persons' centres. This amount represents approximately 30% of the total shareable expenditure services amounting to \$2.3 million.

(b) Special grants

In addition to the subsidies toward the operating costs of centres, the Province makes special grants available for programs for senior citizens, to a maximum of \$15,000. In 1975, the Province paid \$160,415 in special grants toward these programs. However, figures are not available for the total amount spent on these programs (See Table 3 for details).

TABLE 3

SPECIAL GRANTS

1974 and 1975

<u>Year</u>	<u>Location</u>	<u>To municipalities</u>		<u>To non-profit corporations</u>	
		<u>No. of grants</u>	<u>Provincial subsidy (\$000)</u>	<u>No. of grants</u>	<u>Provincial subsidy (\$000)</u>
1974	Metro	-	-	13	194
	Elsewhere	9	41	3	17
	Total	9	41	16	211
1975	Metro	-	-	9	125
	Elsewhere	6	33	7	36
	Total	6	33	16	161

(c) Capital grants

The Province paid almost \$1.3 million in capital grants for elderly persons' centres in 1975-76. As Table 4 indicates, this amount is greater than the combined totals for the previous nine years. This was the direct result of the Community Outreach Program, whereby programs of recreation and other activities for the elderly were accelerated.

TABLE 4

CAPITAL GRANTS

IN 10 YEARS ENDING 1975-76

<u>Year</u>	<u>Grant</u> (\$000)
1966-67	38
1967-68	134
1968-69	147
1969-70	94
1970-71	42
1971-72	155
1972-73	70
1973-74	79
1974-75	<u>420</u>
Sub-Total	1,188
1975-76	<u>1,268</u>
Total	2,456

Municipal Financing

The municipal contribution toward the cost of operating and maintaining elderly persons centres is financed through local taxation.

Cash Flow of Grants

Claims for payment of Provincial subsidy towards the cost of operating a centre may be made monthly, quarterly, semi-annually or annually. Some centres make several claims during a year. However, the greatest out-flow of payments takes place in the period January to March. Usually, the special grants are paid in one sum. Application must also be made for the payment of capital grants. The grant may be in one sum or in several payments. An application is required for each payment.

Availability of Federal Funding

Since these centres are defined as recreation centres, the federal government does not normally participate in the financing of elderly persons centres. However, certain non-recreational activities providing services to persons in need are eligible for federal cost sharing on a 50-50 basis.

GENERAL WELFARE ASSISTANCE

Legislative Authority

This program operates under The General Welfare Assistance Act, R.S.O. 1970, Chapter 192, as amended.

Description

General assistance is the financial aid provided by municipalities to persons in need. More specifically, this assistance is intended to meet the needs of persons requiring short-term financial assistance resulting from either the lack of a principal family provider, or unemployability due to a physical or mental handicap, advanced age or the inability to obtain employment. Recipients of general assistance who have extraordinary needs may also be eligible for special assistance. This assistance is discretionary. Those receiving Family Benefits Allowances or Old Age Security from the Provincial and federal governments, respectively, may also receive supplementary aid.

Background and Development

Under early legislation, municipalities provided financial assistance to needy persons on a discretionary basis. However, by the mid-1960's, the Province introduced legislation under which the provision of financial assistance to needy persons by municipalities was made obligatory. The legislation

also provided increased financial support to municipalities for the provision of this service. Although the basic design of the general assistance program has not changed over the past decade, from time to time the amounts of the allowances for ordinary needs, special diets and shelter have been raised to reflect increases in the cost of living.

In 1972 nursing home care became a newly insured service under The Health Insurance Act. As a result, the number of persons receiving general assistance to help pay for nursing home care declined sharply from 6,400 to 200.

Another change that had a dramatic impact on the general welfare program was the broadening of Ontario's Family Benefits Program in March 1972 to provide income support to those individuals who were permanently unemployable due to illness. During the three years that followed, 30% of the people who formerly had been receiving General Welfare Assistance due to permanent illness began to receive family benefits. (See Table 1)

TABLE 1

FAMILY HEADS AND SINGLE ADULTS

RECEIVING GENERAL ASSISTANCE

BECAUSE OF PERMANENT ILL HEALTH

	<u>Male</u>	<u>Female</u>	<u>Total</u>	<u>Rate of Decline</u> %
March, 1972	6,742	4,294	11,036	-
March, 1973	6,232	4,452	10,684	3.2
March, 1974	4,845	3,613	8,458	20.8
March, 1975	4,458	3,209	7,667	9.4
March, 1976	4,154	2,495	6,649	13.2

The magnitude of general welfare assistance is indicated in Table 2, which shows the average number of cases and beneficiaries in the 1971-72 and 1975-76 fiscal years.

These figures show significant decreases of 48.7%, 29.5% and 11.3% respectively, in the number of single males and females and male family heads. Conversely, the number of female heads rose by a dramatic 43.5%.

TABLE 2

AVERAGE NUMBER OF CASES AND BENEFICIARIES OF GENERAL ASSISTANCE

(INCLUDING ASSISTANCE TO INDIANS)

1971-72 and 1975-76

	<u>1971-72</u>	<u>1975-76</u>	<u>Rate of Change %</u>
<u>Single Persons</u>			
Male	27,607	14,152	(48.74)
Female	<u>15,550</u>	<u>10,966</u>	<u>(29.48)</u>
	43,157	25,118	(41.80)
<u>Family Heads</u>			
Male	22,321	19,805	(11.30)
Female	<u>14,783</u>	<u>21,213</u>	<u>43.50</u>
	37,104	41,018	10.50
Recipients in Nursing Homes	5,939	392	(93.40)
Dependent Foster Children	<u>732</u>	<u>899</u>	<u>22.81</u>
Total Cases	85,932	67,427	(21.53)
Dependents of Family Heads	101,794	73,758	(27.50)
Total Beneficiaries	<u>188,726</u>	<u>141,185</u>	<u>(25.19)</u>

Table 3 classifies welfare recipients by sex and whether or not they are employable. The "unemployables" are largely persons unable to work due to illness or disability.

TABLE 3

EMPLOYABLE AND UNEMPLOYABLE MEN AND WOMEN

RECEIVING GENERAL ASSISTANCE

March, 1976

	<u>EMPLOYABLE</u>		<u>UNEMPLOYABLE</u>	
	<u>MALES</u>	<u>FEMALES</u>	<u>MALES</u>	<u>FEMALES</u>
Sole Support Female Headed Family	-	311	-	17,003
Inability to Obtain Employment	18,282	4,793	117	76
Temporary Ill Health	306	117	8,053	5,201
Permanent Ill Health	23	-	4,133	2,495
Old Age	-	-	565	514
Foster Child or Children	-	-	6	7
Nursing Home Resident	-	-	-	-
Student	32	46	1,294	1,063
Other	<u>899</u>	<u>156</u>	<u>204</u>	<u>355</u>
TOTAL	19,542	5,423	14,372	26,714

To encourage improvement in the quality of local welfare services, the Province offers financial incentives to establish consolidated county welfare units and district welfare administration boards. Under The General Welfare Assistance Act and its predecessor, The Department of Public Welfare Act, the Province has been paying a subsidy towards the approved cost of staff salaries and travelling expenses for welfare services in county units and district boards.

Consolidated welfare units are presently established in twenty-two counties - Brant, Bruce, Dufferin, Elgin, Essex, Grey, Hastings, Huron, Kent, Lambton, Lanark, Lennox and Addington, Middlesex, Northumberland, Oxford, Perth, Prescott and Russell, Prince Edward, Simcoe, Stormont, Dundas and Glengarry, Victoria and Wellington. In these counties, the cities of Barrie, Chatham, Cornwall, London, St. Thomas, Sarnia, Stratford and Windsor each maintain separate welfare units from that of the county.

The five counties without consolidated welfare units are Frontenac, Haliburton, Leeds and Grenville, Peterborough and Renfrew. For these areas, the Province deals with 103 individual municipalities and the four city welfare departments in the cities of Kingston, Brockville, Peterborough and Pembroke.

In Northern Ontario, welfare services of municipalities located in the six districts of Algoma, Cochrane, Nipissing, Parry Sound, Rainy River and Sudbury, are administered by

the District Welfare Administration Board of the respective district. In these districts, two towns (Cochrane and Kirkland Lake) and three cities (North Bay, Sault Ste. Marie and Timmins) administer their own welfare services.

The four districts without welfare administration boards (Kenora, Manitoulin, Thunder Bay and Timiskaming) contain 72 municipalities, each of which administers its own welfare services.

In summary, municipal welfare services in Ontario are administered through 232 units, as follows:

District, Metropolitan and Regional Municipalities	12 units
Counties with consolidated welfare units and cities in these counties	30 units
Counties without consolidated welfare units	107 units
Districts with Welfare Administration Boards and cities in these districts that administer their own welfare services.	11 units
Districts without Administration Boards	<u>72 units</u>
TOTAL	<u>232 units</u>

Eligibility

(a) General assistance

To become eligible for General Welfare Assistance an applicant must be interviewed and visited at home by a municipal employee under the direction of the welfare administrator. The administrator must take into account the applicant's budgetary requirements, liquid assets and income. If the applicant is

employable but out of work, the administrator must be satisfied that the person is willing to undertake full-time regular employment of which he is capable, that he is making reasonable efforts to find work, and that his continuing unemployment is due to circumstances beyond his control.

It must be established that the applicant is a person in need; that is, a person who, by reason of inability to obtain a regular job, disability, old age or the lack of a principal family provider, has budgetary requirements that exceed his income. Persons in need who are patients in hospitals are not eligible for general assistance. Full-time students are also not eligible for general assistance except under special circumstances as set out by Regulation.

(b) Special assistance

At the discretion of the municipality, a person receiving general assistance may, due to financial hardship, be provided with the following items or services, or the money to pay for them: optical services, eye glasses, prosthetic appliances, moving allowances, transportation allowances, vocational training, funeral expenses and burial expenses.

(c) Supplementary aid

These payments, which are supplements to such programs as Old Age Security and Family Benefits, are intended to cover

fuel, shelter or extraordinary needs in instances where the regular benefits are insufficient to meet these costs. Supplementary aid is provided at the municipality's discretion.

(d) Administration costs subsidy

Municipalities and District Welfare Administration Boards are also eligible for subsidy towards welfare administration costs. However, a municipality is eligible only if the function is headed by a full-time welfare administrator.¹ This subsidy covers such costs as salaries, employee benefits, travel expenses, staff training, research, temporary help, consultants' fees and computer costs. It does not cover rent, heat, light, water, property maintenance and cleaning, telephone costs, office equipment, office stationery and supplies, printing or the cost of capital items such as office furnishings and renovations.

(e) Work activity

Recipients of general assistance and family benefits who have unusual difficulty obtaining and holding jobs may be eligible for assistance through the Work Activity Program. This program is intended mainly for persons who are dysfunctional on account of social deprivation or who have serious family or personal problems. Assistance takes the form of social and educational development and work-orientation activities. For those taking part in work activity projects there is an incentive allowance that is not deductible from welfare benefits.

1. District Welfare Administration Boards are required under the legislation to appoint a welfare administrator. (The District Welfare Administration Act, R.S.O. 1970, Chapter 132, Section 4(2)).

Provincial Support

The rates of Provincial support for each type of assistance described above are as follows:

- for general welfare, 80% of costs;
- for special assistance, 50% of costs;
- for supplementary aid, 80% of costs;
- for administration, 50% of eligible costs.
- for work activity, 80% of the incentive allowance and 80% of the net operating cost of work activity projects.

For all forms of welfare assistance to Indians and residents of unorganized territories, the Province pays 100% of costs.

Shareable Costs

Costs incurred in the provision of welfare services are shared among the three levels of government - federal, Provincial and municipal.

The growth of total shareable expenditures for general assistance and for related administration costs is shown in Table 4.

TABLE 4
TOTAL SHAREABLE EXPENDITURE AT THE LOCAL LEVEL
(\$ Million)

<u>Year</u>	<u>General Assistance</u> ¹	<u>Administration</u> ² <u>Costs</u>	<u>Total</u>	<u>Growth Rate</u> (%)
1970-71	110.3	6.4	116.7	
1971-72	150.7	9.4	160.1	37.2
1972-73	117.2	12.6	129.8	(18.9)
1973-74	112.7	13.8	126.5	(2.5)
1974-75	133.1	16.6	149.7	18.3
1975-76	158.7	24.8	183.5	22.6

1. Includes payments made for supplementary aid, special assistance, work activity, and to Indian Bands and residents of unorganized territories. Since these amounts are relatively small, they are not listed separately.
2. After base-line deductions for Provincial-municipal cost sharing have been made.

The municipal share of costs and the gross Provincial cost (cost before deduction of the federal share) are shown in Table 5.

TABLE 5
COST SHARING OF GENERAL ASSISTANCE
BETWEEN PROVINCE AND MUNICIPALITIES
1975-76

	(\$ Million)
Total Shareable Cost	158.7
Less cost re: Indian Bands	2.9
Less cost re: Unorg. Territories	<u>3.2</u>
	<u>(6.1)</u>
Costs shared between Province and Municipalities	152.6
Gross Province $.80 \times 152.6 = 122.1$ *	
Municipalities $.20 \times 152.6 =$ <u>30.5</u>	
	152.6
* For simplicity, incorporates small amount for special assistance which is shared at 50%.	

It was noted in a previous section that a municipality is eligible for grants in respect of welfare administration costs only if the municipality has appointed a welfare administrator. For those municipalities that are eligible for this grant, the sharing of administration costs with the Province is done on a slightly different basis than that shown above for general assistance. The cost-sharing formula is designed to encourage consolidation of municipalities into county welfare units, district welfare adminis-

tration boards and regions to promote a more efficient delivery of service.

As municipalities become consolidated they are not required, when submitting applications for Provincial subsidy, to deduct from current administration costs an amount equivalent to their administration cost for 1964² (the base year).

Conversely, cities, separated towns and other municipalities that are not part of a consolidated unit are required under the Regulations to deduct the base year costs. Since the subsidy is based on expenditures, a municipality falling within this category receives a relatively lower level of subsidy than another forming part of a consolidated unit. At present, the only municipalities still subject to base-line deductions are:

- in counties that have consolidated units, the cities of Chatham, Cornwall, London, St. Thomas, Sarnia, Barrie, Stratford and Windsor;
- in districts that have district welfare administration boards, the cities of North Bay, Sault Ste. Marie and Timmins;
- in counties that have no consolidated welfare units, the cities of Brockville, Kingston, Pembroke,

2. Under The Canada Assistance Plan the portion of welfare administration costs that is shared by the federal government is current eligible costs less an amount equivalent to the costs for 1964 (the base year). In practice this requirement should be applied to all municipalities but in order to encourage consolidation the Province exempted consolidated units from this requirement and assumed a portion of this administrative cost which the municipalities would otherwise bear.

Peterborough and all other municipalities;
- in districts without welfare administration boards the
Towns of Kenora and Kirkland Lake and the City of
Thunder Bay, and all other municipalities.

Most municipalities in counties and districts without consolidated units or district boards are also without full-time welfare administrators, and therefore do not qualify for subsidization of their welfare administration costs.

Because of the consolidation incentive feature, the base-line used for Provincial-municipal cost-sharing calculations is different from that used for federal-Provincial cost-sharing. In 1975-76, for instance, the Provincial-municipal base-line deduction was \$2.8 million, whereas the federal-Provincial base-line was \$4 million. In 1976-77, a further reduction in the Provincial-municipal base-line figure occurred as a result of a legislative change making two regions (Niagara and Ottawa-Carleton) and Metropolitan Toronto exempt from this deduction, since they were already consolidated units. It is estimated this change will reduce the aggregate municipal base-line to approximately \$0.5 million for 1976-77 while the federal base-line remains at \$4 million. Table 7, following the discussion of the "Availability of Federal Funding", shows the sharing of administrative costs between the Province, municipalities, and the federal government in 1975-76.

Municipal Financing

Municipalities raise their share of General Welfare Assistance costs through local taxation.

In regional municipalities and counties with consolidated units, the welfare costs are apportioned to area municipalities according to the current year's equalized assessment.

In districts with district welfare administration boards, the welfare costs are distributed to municipalities according to the previous year's equalized assessment.

Cash Flow of Grants

Municipalities, welfare units and district welfare administration boards must apply for Provincial subsidy. Subsidy payment depends on the receipt of applications, which are submitted at irregular intervals.

Availability of Federal Funding

Federal cost sharing is available under The Canada Assistance Plan. Ottawa transfers to the Province 50% of gross eligible municipal expenditure on assistance payments and eligible municipal administration costs minus base year deductions.

The cost of assistance to Indians is shared under The Indian Welfare Services Agreement, with the federal government assuming 95% of the cost and the Province 5%. Cost sharing with

the federal government is contingent on needs-testing at the local level. Table 6, using data for 1975-76, illustrates the financing of general assistance among the three levels of government. Table 7 provides a similar example for administration costs.

TABLE 6

GENERAL ASSISTANCE COSTS:

FEDERAL, PROVINCIAL AND MUNICIPAL SHARES, 1975-76

(\$ Million)

Total Shareable Costs

Prov. Subsidy to Municipalities (80%)*=	<u>122.1</u>	
Total Shareable with Municipalities	=	152.6
(122.1 x $\frac{100}{80}$)		
re - Unorganized Territories	=	2.9
re - Indian Bands		<u>3.2</u>
Total Shareable Cost		<u>158.7</u>

Federal Share

.50 x 152.6	=	76.3	
.50 x 2.9	=	1.5	
.95 x 3.2	=	<u>3.0</u>	
			80.8

Provincial Share

.30 x 152.6	=	45.8	
.50 x 2.9	=	1.4	
.05 x 3.2	=	<u>.2</u>	
			47.4

Municipal Share

.20 x 152.6			<u>30.5</u>
Total Shareable Cost			<u>158.7</u>

* Includes a relatively small amount for special assistance which is shared between the Province and Municipalities on a 50:50 basis

TABLE 7

WELFARE ADMINISTRATION COST:

FEDERAL, MUNICIPAL AND PROVINCIAL SHARES, 1975-76

(\$ Million)

Total Expenditure

Shareable Expenditure	27.6
-----------------------	------

Federal Share

Shareable Expenditure	27.6
Less 1964 Base-Line	<u>(4.0)</u>
	23.6

.50 x \$23.6	11.8
--------------	------

Municipal Share

Shareable Expenditure	27.6
Less Base-Line	<u>(2.8)</u>
Shareable at Provincial Level	24.8

.50 x 24.8	12.4
------------	------

Add Provincial-Municipal Base-Line	<u>2.8</u>
------------------------------------	------------

15.2

Provincial Share

Shareable Expenditure	27.6
Less Federal portion of Shareable Cost	(11.8)
Less Municipal Share	<u>(15.2)</u>

.6

27.6

HOMEMAKERS' AND NURSES' SERVICES

Legislative authority

This program is administered under The Homemakers' and Nurses' Services Act, R.S.O. 1970, Chapter 203, as amended.

Description

Under this program, homemaker services are provided in households where there is a child whose mother (or other person responsible for his care) is sick, absent or convalescent. Homemaking or nursing services are also provided, where needed, to people who are elderly, sick or convalescent. The purpose is to provide a cheaper and more acceptable alternative to institutional care.

Eligibility

Municipalities are required to determine the amount of each applicant's monthly income and ascertain whether the individual can afford to pay some or all of the cost of the service. If there is some portion the person cannot pay, the applicant becomes designated as a "person in need" and thus becomes eligible for assistance.

Background and Development

When this program began in 1958, the Province paid 50% of the eligible costs. This support had two objectives: to reduce the financial burden on municipalities to enlarge the

service, and to encourage municipal participation where the service was non-existent.

In 1967, the Provincial subsidy was raised to its present rate of 80%. In 1969 an amendment to the Act enabled Indian Bands to provide the services and receive full subsidization from the Province. Another amendment, in 1973, provided a 100% subsidy for costs of approved homemakers' training services.

Municipalities purchase most of the homemaking services from non-profit organizations such as the Canadian Red Cross Society and the Visiting Homemakers Association. The rest are provided by a few commercial firms, individuals and occasionally the municipalities' own staffs. In most instances, the service provided by municipalities is the training of homemakers who teach household skills to members of families. Nursing services are provided mostly by non-profit agencies such as the Victorian Order of Nurses and the St. Elizabeth Order of Nurses.

Shareable Costs

By 1975-76, the net expenditure (i.e. the cost of the program after clients' contributions have been deducted) totalled about \$8 million. In the same year the hours of subsidized service amounted to 1,500,000 for homemakers and 150,000 for nurses. Most of the program's growth in the past five years has been to satisfy the demand for homemakers' services.

The growth in Provincial subsidy during the 1970's
is as follows:

TABLE 1

HOMEMAKERS AND NURSES SERVICES

PROVINCIAL SUBSIDIES, 1970-71 to 1975-76

<u>Year</u>	<u>Subsidy</u>	<u>Year</u>	<u>Subsidy</u>
1970-71	1.4	1973-74	3.1
1971-72	2.2	1974-75	3.9
1972-73	2.3	1975-76	6.4

In 1975-76, the Provincial subsidies were disbursed as follows:

TABLE 2

DISTRIBUTION OF

PROVINCIAL SUBSIDIES BY RECIPIENT, 1975-76

(\$ million)

	<u>Subsidy</u>
Metropolitan Toronto	1.7
Regional municipalities	2.6
Cities, towns and villages	0.9
Counties and townships	0.8
Districts, district welfare administration boards, and improvement districts	0.2
Indian Bands	0.2
Unorganized territories	-
	<hr/>
	6.4

The large urban areas were clearly the major providers of these services.

Municipal Financing

Municipalities raise their share of costs through local taxation. Where region Counties or Districts are responsible for the service, the costs are allocated to the area municipalities in the same manner as for other social services such as General Welfare Assistance.

Cash Flow of Grants

The providers of homemakers' and nurses' services must apply to the Ministry of Community and Social Services each month for subsidies which are paid upon receipt of the claims. Grants are paid on these claims approximately four weeks after receipt.

Availability of Federal Funding

Federal money is available to help cover the costs of services provided to persons in need. The federal share of such eligible costs is 50% under The Canada Assistance Plan. These federal funds flow to the Province and are implicitly part of the 80% assistance from the Province. Approximately 96% of the costs for services to Indians are recovered by the Province under The Indian Welfare Services Agreement.

MUNICIPAL HOMES FOR THE AGED

Legislative Authority

Municipal homes for the aged are provided for in The Homes for the Aged and Rest Homes Act, R.S.O. 1970, Chapter 206, as amended.

Description

Homes for the aged are established and operated by municipalities¹ and charitable organizations to provide residential facilities and extended care for persons over 60 years of age and, in special circumstances, to persons under 60.

Residential services are provided to persons who can move about independently, but who require supervision or other forms of assistance towards providing for their personal and recreational needs. Extended care services are available to the chronically ill whose condition is relatively stable and not likely to change in the near future. Although such persons require personal care on a 24-hour basis, diagnostic and therapeutic services of a hospital are not necessary and would be unduly expensive.

-
1. Under the legislation the term "municipalities" means regions, counties, cities (not in regions) and separated towns. In districts it means cities, towns villages and townships. Homes for the aged located in districts are established under a board of management when a majority of the district's municipalities pass a by-law to this effect. Except in districts, each municipality is authorized to establish a home; two or more municipalities may establish a joint home.

In 1975-76, homes for the aged received a total of \$94 million in Provincial support, and provided service to 26,000 persons. Of this amount, municipal homes, which provided service to 18,000 persons, received \$74 million² in operating assistance and \$4.5 million in capital support.

Eligibility

Each applicant for admission to a home must report his income and assets to determine whether he is financially able to contribute towards the costs of his care. A recipient of residential care who is unable to pay for all or part of his care is eligible for Provincial support under The Homes for the Aged and Rest Homes Act. An individual may alternatively apply for "extended care", i.e. medical care provided under the universal health insurance system. Provincial assistance for extended care patients is available if certain residency requirements are met and if this type of care is prescribed by a physician. The applicant is required, however, to pay for the "non-medical" portion of the extended care service, i.e. the "hotel cost" of living in the home.

If he is unable to meet this cost, financial aid is available under the legislation governing homes for the aged.

2. Includes \$2.5 million in respect of late claims submitted for prior years; therefore, net 1975/76 grant was \$71.5 million.

The decision as to the amount which a recipient of residential care or extended care should pay is made by the Finance Committee of the Board of Management in the case of a district home. For other homes, the municipality, or any committee appointed by the municipality to administer the home, makes the decision.

Homes for the aged are eligible for Provincial assistance towards their operating and capital costs. Included in the latter are costs towards additional furniture and equipment as well as repair to and maintenance of building and equipment. Prior approval by the Minister is necessary to qualify for assistance if these costs exceed \$500.

To establish a home, a municipality must survey the community's needs, and it must select a site that will best suit the home's programs and serve the interest of its residents. The need for a home must be established to the Minister's satisfaction, and the site and plans need his written approval. Similar requirements apply when an existing building is to be acquired or altered for use as a home for the aged.

Background and Development

Until the late 1940's the aged, the helpless and the poor were all placed in the same institutions. Provincial support was minimal. This was part of the "poor house" approach dating back to the late 1800's. In 1949 the Province brought in legislative amendments requiring municipalities to provide

homes especially for the elderly. Provincial assistance was increased substantially and the administrative structure was reformed to improve the delivery of services.

In 1972 The Homes for the Aged and Rest Homes Act was amended to permit residents of the homes to receive extended care services. Prior to 1972, there were three classes of care: normal care, bed care and special care. With the introduction of extended care in 1972, occupants receiving special care became eligible for extended care; those receiving normal care were given residential care; and those receiving bed care were given either extended care or residential care, depending on the amount of nursing required.

TABLE 1
DISTRIBUTION OF RESIDENTS BY TYPE OF CARE IN
MUNICIPAL HOMES FOR THE AGED
1971 - 1975

<u>Year</u>	<u>Normal Care</u>	<u>Bed Care</u>	<u>Special Care</u>	<u>Residential Care</u>	<u>Extended Care</u>
	(%)	(%)	(%)	(%)	(%)
1971	34.5	46.8	18.7	-	-
1972	33.4	46.6	20.0	42.6	57.4
1973	-	-	-	46.6	53.4
1974	-	-	-	48.7	51.3
1975	-	-	-	48.5	51.5

Provincial Support

(a) Residential Care

The normal rate of Provincial support towards the operation and maintenance of a home is 70% of the costs for residential care, net of contributions from residents. However, where the population of a territorial district does not exceed 10,000 (as in the case of the District of Manitoulin), the Provincial rate of support for residential care is 85% of net operating costs. In addition, the Province pays 100% of the net costs for residents from unorganized territory.

(b) Extended Care

When a recipient of extended care is unable to pay the costs, the Province pays 70% of the first \$8.20 per day, plus all the next \$14.80, plus 70% of any additional per diem costs.

This formula bears some explaining. The current average rate for extended care service is deemed to be \$23 per day. Of this amount, \$8.20 is deemed to cover non-medical costs; the other \$14.80 cover medical costs.³ The medical costs are insured under The Health Insurance Act; the others are not. For this reason, a person receiving extended care is obliged to pay the non-medical portion of \$8.20 while the Province pays the remaining \$14.80. If the person is unable to pay the \$8.20 or is able to pay only a portion of it, the amount he cannot finance is paid by the Province (70%) and the municipality (30%). All costs above the \$23 are borne by the Province (70%) and the municipality (30%).

3. These rates are effective as of November 1, 1977

In most cases there is no need for the Province or the municipality to contribute toward the \$8.20 per day non-medical cost because elderly people generally can cover this expense with income received from Old Age Security payments, Guaranteed Income Supplements, and the Ontario Guaranteed Annual Income System.

Table 2 lists the recognized per diem amounts from 1972 to 1977 for patients on extended care.

TABLE 2

EXTENDED CARE MAXIMUM RECOGNIZED PER DIEM AMOUNTS

<u>Effective Date</u>	<u>Co-Payment By Patient</u> ($\$$)	<u>Insurable Amount Payable By Province</u> ($\$$)	<u>Total Payment</u>	
			<u>Rate</u> ($\$$)	<u>Increase</u> (%)
April 1, 1972	3.50	9.00	12.50	-
April 1, 1973	3.50	9.50	13.00	4.0
May 1, 1973	4.00	9.50	13.50	3.8
January 1, 1974	4.50	10.50	15.00	11.1
September 1, 1974	5.45	11.55	17.00	13.3
April 1, 1975	5.90	12.60	18.50	8.8
January 1, 1976	6.15	12.85	19.00	2.7
April 1, 1976	7.40	13.60	21.00	10.5
February 1, 1977	7.60	13.40	21.00	-
April 1, 1977	7.60	15.40	23.00	9.5
May 1, 1977	7.80	15.20	23.00	-
August 1, 1977	8.00	15.00	23.00	-
November 1, 1977	8.20	14.80	23.00	-

(c) Physicians' Fees

Subsidy is paid toward the fees of a home physician for the provision of two types of services:

- 100%, to a maximum of \$2.15 per month, for each resident, for the provision of medical care to residents.
- 70% (included in operating costs), to a maximum of \$1.30 per month, for each bed in respect of services of a general nature. Services falling within this category are inspection of sanitary conditions and recommendations for improvement, X-Rays and physical examinations.

(d) Capital Expenditures

The Province and the municipality each contribute 50% of the costs of capital undertakings, subject to prior project approval by the Minister. In the case of additional furnishings or equipment below \$500, pre-approval to qualify for Provincial support is not necessary.

Shareable Costs

Prior to 1972, the expenditures of municipal homes had grown at a faster rate than that of revenues received from patients. This is reflected in Table 3 which shows that between 1965 and 1972 there was a gradual shift in the proportion of financing, with the residents' share decreasing and the governments' share increasing. With the introduction of the extended care program in 1972, however,

the Province's share of overall operating expenses rose sharply, taking some burden away from residents and cutting the net municipal cost almost in half.

TABLE 3
COSTS AND FINANCING SHARES OF
MUNICIPAL HOMES FOR THE AGED
1965 - 1976

<u>Calendar</u> <u>Year</u>	<u>Total</u> <u>Expenditures</u> (<u>\$000</u>)	<u>Residents'</u> <u>Share</u> (<u>%</u>)	<u>Provincial</u> <u>Subsidy</u> (<u>%</u>)	<u>Municipal</u> <u>Share</u> (<u>%</u>)
1965	21,700	52.5	34.6	12.9
1966	25,900	52.8	37.5	9.7
1967	30,700	54.7	31.6	13.7
1968	36,900	53.9	33.1	13.0
1969	43,500	50.3	34.5	15.2
1970	52,900	48.0	36.5	15.5
1971	61,700	48.8	35.8	15.4
1972	71,200	39.6	52.0	8.4
1973	81,900	36.3	56.9	6.8
1974	100,100	37.7	53.9	8.4
1975	127,500	36.4	53.6	10.0

Table 4 shows the breakdown in cost sharing for the average per diem costs of residents in homes for the aged for the years 1972-1975.

TABLE 4
DISTRIBUTION OF AVERAGE PER DIEM COSTS FOR EXTENDED CARE
IN MUNICIPAL HOMES FOR THE AGED
1972 TO 1975

<u>Year</u>	<u>Average Cost</u>	<u>Share of Average Payments Towards Recognized Per Diem Costs</u>			<u>70% Provincial Share of Balance</u>	<u>30% Municipal Share Of Balance</u>
		<u>Patient's Contribution</u>	<u>Province's Contribution</u>	<u>Sub-Total</u>		
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
1972	14.98	3.50	9.00	12.50	1.74	.74
1973	16.98	3.83	9.34	13.17	2.67	1.14
1974	20.38	4.30	10.70	15.00	3.77	1.61
1975	25.90	5.79	12.34	18.13	5.44	2.33

The average per diem cost of \$25.90 in 1975 was comprised of the following:

<u>Function</u>	<u>1975 Average per diem Cost</u>
Administration & General Expenses	\$ 1.73
Building & Property Expenses	2.03
Housekeeping Expenses	1.96
Laundry & Linen Expenses	1.25
Food Services	4.63
Medical & Nursing Services	13.50
Approved Drugs	0.10
Social Services	0.70
	<u>\$25.90</u>

(a) Residential Care

In 1975, 48.5% of the residents in municipal homes received residential care, at an average cost of \$15.03 per diem. Of this sum, residents paid \$9.87, while the Province and the municipalities paid \$3.66 and \$1.50 respectively.

In contrast with the average payment of \$9.87 by those receiving residential care, those receiving the more costly extended care paid an average of only \$5.79.

(b) Extended Care

The extended care program is also available in charitable homes for the aged and private nursing homes. In 1975, the average total daily expenditure on extended care patients in municipal homes exceeded that for patients in nursing homes by 38%, and that for patients in charitable homes by 9.5%.

Municipal Financing

With the approval of the Ontario Municipal Board, a municipality may issue debentures to finance the capital costs of establishing, extending, or renovating a municipal home for the aged. The municipal share of operating costs is financed through local taxation. For municipalities located in districts, at the beginning of each year the board of management must estimate the amount needed from the municipalities to defray the cost of maintaining the homes in the district. On or before February 25, the board must notify the clerk

of each municipality of the amount which the municipality must contribute. Where a home for the aged is supported by a county, a city and/or a separated town, the net costs of the home are allocated to each on the basis of resident days. The county share is then apportioned to its local municipalities on the basis of the current year's equalized assessment. In districts, net costs are apportioned to each municipality in the district on the basis of the prior year's equalized assessment of each municipality.

Cash Flow of Grants

The homes must apply to the Province every month for their operating subsidies. The Director of the Senior Citizens Branch may authorize advance payment of an estimated monthly amount, which is subject to adjustment when the exact sum becomes known.

To receive capital grants, the homes must apply to the Province, and periodic payments may be made.

Availability of Federal Funding

Under The Canada Assistance Plan, the federal government contributes 50% of the cost of care in respect of persons who are unable to pay all or a portion of the cost chargeable to them. The federal government does not contribute towards capital costs but it does help pay allowances for depreciation. In 1975-76,

Ontario claimed \$10.8 million in funds available under The Canada Assistance Plan in respect of municipal homes for the aged.

Until April 1, 1977, further federal assistance was available for the medical portion of extended care costs under The Nursing Home Care Benefits Agreement. The fiscal year 1971-72 was used as the base year for determining shareable costs. This cost figure has been raised each year to allow for increases in the weighted average per diem costs and in the estimated number of people in Ontario over 65. The federal government paid 50% of the cost determined by the formula. In 1975-76, Ontario claimed \$18.8 million under this agreement. The federal share under this program became subsumed in the new Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, under which the Province now receives income tax points and per capita cash payments.

The funding of operating costs in municipal homes between residents and governments for 1975-76 was as shown in the following table.

TABLE 5

FUNDING OF OPERATING COSTS 1975-76

	<u>Residential Care</u>		<u>Extended Care</u>		<u>Total</u>	
	(\$ million)	(%)	(\$ million)	(%)	(\$ million)	(%)
Receipts from residents	28.9	61.8	18.6	21.7	47.5	35.8
Net cost to governments	<u>17.9</u>	<u>38.2</u>	<u>67.1</u>	<u>78.3</u>	<u>85.0</u>	<u>64.2</u>
Total Expenditures of Homes	<u>46.8</u>	<u>100.0</u>	<u>85.7</u>	<u>100.0</u>	<u>132.5</u>	<u>100.0</u>

The \$85 million shown in Table 5 as the total net cost to governments was shared as shown in Table 6 below:

TABLE 6

SHARING OF RESIDENTIAL AND EXTENDED CARE 1975-76

	<u>\$ Million</u>	<u>(%)</u>
Municipal Share	13.6	16.0
Federal Contribution	29.3	34.5
Net Provincial Cost	42.1	49.5
Total Government Cost	<u>85.0</u>	<u>100.0</u>

MINISTRY OF CULTURE

AND RECREATION

COMMUNITY RECREATION CENTRES PROGRAM

Legislative Authority

Grants towards local recreation facilities are under The Community Recreation Centres Act, R.S.O. 1974 (Ontario Regulation 236/75).

Description

The purpose of this grant is to provide assistance in establishing and developing community recreation facilities. It is a supportive capital grant for a building that is subsequently maintained and operated for community recreation activities. A grant may be awarded for the erection, alteration, extension, acquisition by purchase, lease or otherwise, or the renovation of a community recreation centre.

Background and Development

Until recently, there has been rather limited development in this program. In 1919 the program provided 25% of the cost of a community hall, athletic field, skating arena or outdoor rink, subject to a maximum \$2,000 per project. In 1948 the ceiling was raised to \$5,000 and in 1949 to \$10,000. In the latter year, indoor and outdoor swimming pools were added and in 1968 the ceiling was increased to \$15,000 for pools.

Grants were also available for combined projects including both a community hall and a skating arena to a maximum of \$20,000 and including both a community hall and an indoor swimming pool to a maximum of \$25,000. At the same time, the grant became related to a municipality's contribution rather than total project cost in order to encourage joint municipal ventures. In April 1975 the maximum project funds were increased to \$75,000 with provision for as much as \$150,000 in extenuating financial circumstances. Also, project eligibility was broadened to include gymnasias, tennis courts, ski hills, fitness trails and cultural centres.

Eligibility

The following recipients are eligible for the community recreation centres grant:

- . any municipality (or group of municipalities);
- . school boards in unorganized territories;
- . Indian Bands;
- . boards of education in organized areas for specific facilities which received assistance prior to September 1, 1975 and continue to operate the facilities for which the grant was originally paid;
- approved corporations in territories without municipal organization only.

Grant Conditions

To qualify for assistance the following conditions must be met:

- (i) a municipality or board must pass a by-law providing for the establishment, maintenance and operation of one or more community recreation centres;
- (ii) the property must be owned, leased or controlled by agreement subject to the Minister's approval;
- (iii) Ministerial approval of the project must be obtained before its commencement (if buildings are involved, plans and specifications prepared by an architect or professional engineer must be submitted);
- (iv) a grant application must be accompanied by a statement of estimated cost, stage of completion, and a copy of the by-law or resolution providing for the establishment of the community recreation centre;
- (v) an application for payment of grant shall be made to the Minister within three years after the project is completed;
- (vi) a municipality may appoint annually a committee of management consisting of at least three members (if there are five or more members, at least two must be members of Council. All members must be eligible for Council);

- (vii) the assistance to Indian Bands and localities without municipal organization is on such terms as the Minister determines.

Provincial Support

(i) Municipalities:

- (a) grants are 25% of total reported expenditures subject to a maximum of \$75,000.

Where there is an agreement for the joint establishment of a community recreation centre each municipality's contribution is eligible for the above rate of support;

- (b) grants may reach 50% to a maximum of \$150,000 on projects which would place an undue financial burden on a municipality. Upon request of the applicant municipality, the Ministry of Treasury, Economics and Intergovernmental Affairs evaluates the financial impact on municipal taxpayers and develops recommendations which are normally followed;

(ii) All other recipients:

- grants are based on an undefined percentage of expenditures.

The Ministry has discretion to negotiate capital grants not exceeding 50% of capital costs, taking into consideration the importance of the facility

to the community and the alternate sources of funding. For amounts in excess of 50% the Minister's approval is required.

Where an application provides for facilities to handicapped persons that exceed the requirements of The Building Code Act, 1974, a special grant equal to the additional cost of the special facilities may be available.

Shareable Costs

The community recreation centre must be used for:

- (i) a community hall with a floor area greater than 200 square feet;
- (ii) a playing field consisting of an outdoor area with a space and design for more than one type of sport or recreational activity;
- (iii) one or more tennis courts of a size that is in accordance with the specifications of the Official Playing Rules of The Canadian Lawn Tennis Association and that includes such shelters or other amenities as the Minister may approve;
- (iv) an indoor or outdoor swimming pool;
- (v) a snow skiing facility located on a site that is approved by the Minister and that is not a cross-country ski trail, and that includes at least one shelter, a beginner's slope, and a tow, and such other

- slopes, jumps, or amenities that may be approved by the Minister;
- (vi) an outdoor or indoor skating arena or rink of a size and design suitable for use by the public in the community;
- (vii) a fun fitness trail consisting of a trail with one or more facility along the route of the trail for community recreational activities;
- (viii) a cultural centre designed and constructed to include an auditorium, art gallery and facilities for the performance of visual and creative arts.

TABLE 1

NUMBER OF GRANTS TO COMMUNITY RECREATIONAL CENTRES 1973-1976

<u>Type of Facility</u>	<u>1973/74</u>	<u>1974/75</u>	<u>1975/76</u>
Hall	156	67	149
Arena	78	14	111
Athletic Field	586	215	480
Rink	78	30	27
Indoor Pool	27	2	20
Outdoor Pool	37	24	22
Arena and Hall	151	39	100
Pool and Hall	9	5	9
Gymnasias			11
Tennis Court			48
Ski Hill			3
Fitness Trail			4
Total	1,122	396*	984

* In April 1975 the new Act established significantly higher rates of grants. Many municipalities withheld submission of their applications until the new Act was brought into force.

TABLE 2
TOTAL GRANTS TO MUNICIPALITIES,
1974/75 TO 1977/78

	<u>Provincial</u> <u>Grant</u> <u>(\$000)</u>
1974/75	1,649
1975/76	13,645
1976/77	11,148
1977/78 (est.)	19,400

Increased grants have been made available in 1976/77 for repairs to unsafe arenas. Wintario funds are also available on a matching of \$2 for every \$1 raised in the community.

Cash Flow of Grants

Grants are paid either upon completion of a project, or on a progress basis which is calculated on the percentage of completion to date. Not more than 75% of the estimated grant can be paid prior to completion. Payment is subject to the submission of final certified data which, in the case of some (larger) municipalities, is done on an annual basis following year-end audit.

Municipal Financing

Municipalities generally finance their share of costs through debenture issues. In many cases, however, local service clubs may run public fund drives in support of a particular project. The revenues from these fund drives are often passed over to the municipality to help finance construction. The municipalities show these revenues in their accounts, and therefore show these funds as expenditure towards the project. Because these expenditures reflect on the municipality's books, the funds raised by service clubs in this manner may be used by the municipality as part of its contribution towards construction costs on which a grant is paid.

Availability of Federal Funding

Federal cost sharing is not available for this program.

GRANTS TO LOCAL AND COUNTY PUBLIC LIBRARIES

Legislative Authority

This program is authorized by The Public Libraries Act, R.S.O. 1970, Chapter 381, as amended.

Description

The purpose of the per capita library grants is to support local, county and Indian Band library boards which are established as special purpose boards under The Public Libraries Act.

Every public library is under the management, regulation and control of a board which is established by the council of a municipality. The board of a municipality with a population of 10,000 or more is composed of the mayor or reeve and three members appointed by council, three members appointed by the public school board having jurisdiction in the municipality, and two members appointed by the separate school board for the municipality. The library board of a municipality with a population of less than 10,000 is composed of the mayor or reeve and four members appointed annually by council.

Where at least 75% of the municipalities in a county possessing a combined population of at least 25,000 request the county to establish a county library, the council of the county may by by-law establish a county library for these municipalities. Every county library is under the management, regulation and

control of a board which is composed of the warden of the county and six members appointed by the county council. Three of these six must represent the local municipalities for which the county library was established.

Background and Development

Prior to 1970, library grants were based on a varying percentage of approved library expenditures according to the equalized per capita assessment of the municipality. Grant rates ranged from a low of 8% for assessment rich municipalities to a high of 80% for assessment poor municipalities. Approved expenditures were calculated using a standard per capita expenditure for different population ranges.

In 1970, per capita grants to local and county libraries were introduced with a phase-in or minimum grant provision related to the 1969 grants. The per capita rates from 1970 to 1977 were as follows:

TABLE 1
RATES OF GRANTS TO LIBRARY BOARDS 1970-1977

<u>Year</u>	<u>Per Capita Grant Rates</u> (<u>\$</u>)
1970 to 1972	0.65
1973	1.35
1974	1.50
1975 and 1976	1.70
1977	1.80

Eligibility

Initial application for a grant must be preceded by the passing of a by-law by the municipal council or a resolution by an Indian Band Council creating a library board. After the first year's grant no further by-laws or resolutions are required, but an audited financial report, part of that submitted annually by municipalities to the Ministry of Treasury, Economics and Intergovernmental Affairs, is required from each library board.

Under the legislation, municipalities are not required to provide any financial support to the library operation or even to operate a library, but the Provincial grant must be spent on library services. In 1974, there were 237 library boards which received no local support or received local support amounting to less than the Provincial grant. 107 of these were non-operating boards contracting for service with school boards or with operating library boards.

Provincial Support

Grants to local, county, and Indian Band library boards are as follows:

(i) Local municipal library boards

\$1.80 x grants population¹ of municipality.

1. See Unconditional Grants in this Appendix.

(ii) County library boards

\$1.80 x grants population² of member municipalities
plus \$15,000 (to compensate for the small population
base and population sparsity).

(iii) Indian Band libraries

\$1.80 x Indian Band population.

TABLE 2

LOCAL AND COUNTY LIBRARIES:

ANNUAL GRANTS AND EXPENDITURE

(\$000)

	<u>Municipal Share</u>	<u>Provincial Grant</u>	<u>Total Library Expenditure*</u>	<u>Provincial Grant Relative to total Library Expenditure</u> %
1970	N/A	4,917	33,569	14.6
1971	30,480	5,411	37,219	14.5
1972	35,937	5,650	43,883	12.9
1973	38,722	9,814	49,877	19.7
1974	43,969	11,460	57,887	19.8
1975	54,063	13,555	69,705	19.4
1976	61,393	15,249	80,257	19.0
1977		15,001		

* includes spending financed by fees, fines etc.

The Provincial grant relative to total library expenditure fluctuated from 14.7% to 19.0% reaching a maximum of 19.8% in 1974 and a minimum of 12.9% in 1972. Although current grants comprise, on average, close to 19% of the total expenditure, the grant share, on a board-by-board basis, varies from 15% to 100% of expenditures. The higher rates accrue to the marginal and pro-forma boards to which local contributions are relatively small or non-existent.

In 1976-77, grants were provided to 413 local municipal library boards, 26 county library boards, and 28 Indian Band libraries.

Non-Financial Assistance

Ministerial staff provide professional consultation to regional and local library personnel, municipal councils, library associations, etc. The Ministry also publishes library statistics and periodicals designed to assist library development and coordination. However, the main assistance provided by the Ministry is the creation and funding of the 14 regional library systems which blanket the province.

Cash Flow of Grants

Grant payments are made directly to library boards in equal amounts two times a year: in May and September.

Municipal Financing

Municipalities finance their share of library costs from their operating revenues.

Availability of Federal Funding

Federal cost sharing is not available towards public libraries.

MUSEUM GRANTS

Legislative Authority

Payments under this program are authorized under The Ontario Heritage Act, Statutes of Ontario, 1974, Chapter 122, as amended.

Description

The general purpose of these grants is to provide support for museums and to encourage museum development in terms of updating facilities and programs and adopting a more innovative role in the community. The establishment grant provides assistance towards the cost of starting up a new museum, while the development grant allows for the expansion of an existing museum. The maintenance grant subsidizes the operating costs of museums.

Background and Development

The basic system of grants to museums was established in 1953 within the Department of Education through the introduction of an operating grant. In 1958 responsibility for the grant was transferred to the former Department of Travel and Publicity. From that time the maximum grant amount of \$1,000 per annum remained essentially unchanged until 1973 when the program became the responsibility of the Ministry of Colleges

and Universities. The only change during this period was the introduction of a \$1,200 grant for "establishment" purposes in 1969.

In 1973 the establishment grant was increased to \$5,000. Also, a \$5,000 grant was provided to aid the development of existing institutions. Funding was set at this level in order to encourage local museums to rely on local initiative for their main financial support.

In 1973, the maintenance grant became a split flat rate based on the amount of public availability per year. The maximum amounts available for maintenance doubled from \$2,000 and \$3,000 to \$4,000 and \$6,000 in 1975 and doubled again to \$8,000 and \$12,000 in 1976. The added emphasis on the maintenance grant was by way of recognition that as museums grow in quality and public awareness, there is a greater need for more and better-qualified staff which, in turn, increases operational costs.

In 1974 the base of the maintenance grant was changed from its link to municipal appropriation to overall museum revenue in the prior year. This change reflected the Ministry's policy of encouraging greater reliance on a museum's ability to attract more visitors.

As a result of the doubling in the maintenance grant maximum in 1975 and 1976, (and basing the grant on total income,

rather than on municipal appropriation only) the total grant estimates increased by 39.2 and 83.0% respectively.

On the whole, in 1976-77 maintenance grants accounted for \$1,249,385, establishment grants for \$50,648 and development grants for \$45,000 of a total of \$1,345,033 in museum grants.

Table 1 provides the changes in maximum grants.

TABLE 1

MUSEUM GRANTS

CHANGES IN MAXIMUM GRANTS

	<u>Operating Maintenance</u> \$	<u>Establishment</u> \$	<u>Development</u> \$
1958 to 1972	1,000	1,200*	-
1973 to 1974	2,000 and 3,000	5,000	5,000
1975	4,000 and 6,000	5,000	5,000
1976	8,000 and 12,000	5,000	5,000

*Introduced in 1969

Eligibility

To qualify for assistance the following conditions must be met:

(i) Establishment Grants

- . a museum must be open to the public;
- . an applicant must own, maintain and display a collection of artifacts in the building or structure;
- . applications for grants must be made in writing to the Ministry;
- . where two or more applicants jointly operate a museum, the applicants shall, by agreement, determine the one that shall be deemed to operate the museum;
- . the establishment grant is payable to a museum only once.

(ii) Development Grants

- . a museum must be open to the public for at least 360 or more hours and sixty or more days of the year;
- . the museum must own, maintain and display a collection of artifacts in a building or structure, and may not already be receiving assistance towards operating costs from any other Provincial agency;
- . the application must be accompanied by detailed plans for the project and set out such information as the Minister may require;
- . no work on the project may commence until the Minister has approved the plans;
- . the grant is payable when the Minister is satisfied that the project is completed;

- the applicant is not eligible for another such grant for five years after the date of such grant.

(iii) Maintenance Grants

- an applicant must operate a museum, and must not already be receiving assistance from any other Provincial agency towards the operation of the museum;
- the museum must own, maintain and display a collection of artifacts in a building or structure;
- an application for grant must be submitted in writing to the Minister before the 1st day of November in any year in respect of the operation of the museum for the preceding year;
- the museum must be open to the public for at least 1,080 hours and at least 180 days of the year, including a minimum of twenty days in each of eight months of the year;
- a museum which does not meet the above criteria must be open to the public for 360 or more hours and sixty or more days of the year in order to qualify for a lesser grant;
- where two or more applicants jointly operate a museum, the applicants shall, by agreement, determine which one shall be deemed to operate the museum.

Shareable Costs

All costs associated with the establishment, development and maintenance of museums are eligible for subsidy.

- (i) Establishment - Cost of land, and/or construction, acquisition, alteration or renovation of building, architect and curatorial fees, land surveys and soil tests, as well as equipment, furnishings, artifacts and displays, including installation, with respect to a new museum.
- (ii) Development - The acquisition, construction, alteration or extension of buildings, and development of a display program for existing museums.
- (iii) Maintenance - Operating costs of museum building, premises, equipment, displays and curatorial salaries.

Provincial Support

- (i) Establishment Grant

The lesser of (a) \$5,000

or (b) 50% of the establishment costs
net of those amounts received from
other Provincial or federal agencies.

- (ii) Development Grant

The lesser of (a) \$5,000

or (b) 50% of the approved project costs.

(iii) Maintenance Grant

(a) For museums open more than 360 hours and more than sixty days of the year:

1) the lesser of (a) \$6,000

or (b) prior year's gross receipts
less prior year's grant
under this section;

and

2) the lesser of (a) \$2,000

or (b) 1/3 of annual salary of each
curator and assistant curator.

(b) For museums open more than 1,080 hours and more than 180 days, including at least twenty days in each of eight months of the year:

1) the lesser of (a) \$9,000

or (b) prior year's gross receipts
less prior year's grant
under this section;

and

2) the lesser of (a) \$3,000

or (b) 1/3 of annual salary of
each curator and assistant
curator.

An additional grant, based on the amount equal to 10% of the net receipts over \$60,000 (not including the \$12,000 main-

tenance grant), was introduced in 1977 to museums under the regulations as amended by Ontario Regulation 187/77. The maximum amount a museum can qualify for under these provisions is \$60,000. Therefore, a museum which is open at least twenty days in each of eight months, achieves at least 1,080 hours in a minimum of 180 days and which has a net income of \$660,000 can currently qualify for a grant of \$72,000 per year.

TABLE 2

GRANT RECIPIENTS 1976-1977

	<u>Establishment</u>	<u>Development</u>	<u>Maintenance</u>
Municipal Museum Boards of Management	4	5	117
Non-Profit Corporations	6	4	46
Public Library Boards	0	0	7
Conservation Authorities	1	0	12
Indian Band Councils	0	0	2
	<hr/>	<hr/>	<hr/>
	11	9	184

In 1976-77, 204 grants were given to 191 museums. Thirteen of the museums received two grants. Four of eleven museums which received establishment grants also received maintenance grants and all nine museums which received development grants also received maintenance grants.

Non-Financial Assistance

The Heritage Administration Branch provides a wide-ranging technical advisory service to non-commercial museums in addition to monitoring grants. This service is essential to smaller museums whose financial positions do not enable them to hire private museologists. It provides encouragement to community involvement, and co-ordinates museums across the province in sharing exhibits, collections, and ideas (participating in MCR's Outreach Program, Cultural Exchange, etc.)

Cash Flow of Grants

(i) Establishment Grant

An application is submitted to the Minister. The grant is payable when the Minister is satisfied that the museum is open to the public and operating on a regular basis.

(ii) Development Grant

An application is submitted to the Minister along with detailed plans for the project and any other information as required by the Minister. Also, the applicant must have plans approved by the Minister prior to the commencement of any work on the project. The grant is paid upon completion of the project.

(iii) Maintenance Grant

An application is submitted to the Minister before the 1st day of November in any year for a grant in respect of

the operation of the museum for the preceding year.

The payments of grants are made once a year.

TABLE 3

TOTAL LOCAL REVENUE OF MUSEUMS AND PROVINCIAL GRANTS
($\$000$)

<u>Year</u>	<u>Local Revenue</u>	<u>Provincial Grants</u>	<u>Total Revenue</u>	<u>Provincial Grants relative to Total Revenue</u> (%)
1974-75	3,285	579	3,864	15.0
1975-76 Est.	4,022	1,060	5,082	20.9
1976-77 Est.	3,710	1,359	5,069	26.8

Municipal Financing

Municipalities finance their share of museum operating costs from their tax revenue.

Availability of Federal Funding

Federal grant programs under the National Museums Policy do not have any direct effect on Provincial grant programs.

TABLE 4.

MUSEUM GRANTS 1974-75 to 1976-77

Qualified Applicants	1974-75						1975-76						1976-77					
	Establishment		Development		Maintenance		Establishment		Development		Maintenance		Establishment		Development		Maintenance	
	No.	\$000	No.	\$000	No.	\$000	No.	\$000	No.	\$000	No.	\$000	No.	\$000	No.	\$000	No.	\$000
Municipal Management Boards	6	20	4	20	125	392	5	23	5	23	113	630	4	20	5	25	117	734
Non-Profit	1	5	3	13	14	46	5	23	2	10	36	229	6	26	4	20	46	285
Library Boards	0	0	0	0	4	20	0	0	1	5	5	39	0	0	0	0	7	62
Conservation Authorities	0	0	5	25	11	31	1	5	2	10	12	61	1	5	0	0	12	72
Indian Band Councils	0	0	0	0	2	4	0	0	0	0	2	1	0	0	0	0	2	6
TOTAL	7	25	12	58	156	493	11	51	10	48	168	960	11	51	9	45	184	1,159

PROGRAMS OF RECREATION

Legislative Authority

Payments under this program are authorized under The Ministry of Culture and Recreation Amendment Act, 1975, Section I.

Program Description

This grant is intended to act as an incentive for municipalities to undertake recreation programs and to promote the hiring of certified recreation personnel.

Background and Development

The grant parameters and bases of assistance have not changed since 1965. While salary and operating costs have experienced considerable growth and municipal expenditures have increased reflecting the higher level of recreation programming and services available to populations, the grant share of local expenditure has not increased.

In its present form, the significance of the grant share generally decreases as the municipality's population increases. The following table demonstrates the level of this impact.

<u>Population Range</u>	<u>Range of Grant as a Percentage of Budget</u>
0 - 999	10 - 30
1,000 - 4,999	5 - 10
5,000 - 99,999	Up to 5
100,000 and over	Under 1

Clearly, it reveals that the present regulations provide a significant contribution to the local recreation budgets of those municipalities with populations under 5,000. Moreover many small municipalities participate in the program.

It must be noted that not all municipalities with under 100,000 population receive the maximum grants for which they are eligible under the present regulations. This indicates that some municipalities do not spend enough local funds for personnel or programs within the conditions of the present regulations to qualify for the maximum dollar amounts.

Eligibility

Eligible recipients for this program are all municipalities, Indian Bands and school boards in unorganized territories.

Grant Conditions

The following conditions are necessary to qualify for assistance:

- 1) the council must provide a recreation program during the year for which the grant is paid;

- 2) the recreation program must be approved by the Minister;
- 3) the recreation committee must incur, and the council must authorize the payment of, the expenditures calculated in the approved maintenance and operating costs of the recreation program and the salaries in respect of which the grant is claimed;
- 4) "Approved maintenance and operating cost" means the annual cost incurred for:
 - . renting and maintaining buildings, land, waterfronts or equipment;
 - . office expenses;
 - . supplies and expendable equipment;
 - . advertising and publicity;
 - . costs of specific recreation events or activities other than leadership salaries on above items.

Provincial Support

Basis of Assistance

1) Municipalities

Grants are based on percentages of the salaries of recreation directors, according to their academic qualifications, and on approved operating expenditures. There are four ceiling levels related to municipal population size which limit the amount of total grant. Grant calculation is based on an audited statement for the year of application from the municipality.

The basis of assistance for salaries and maintenance is as follows:

- a) 33-1/3% of the salary of one full-time municipal recreation director and each assistant municipal recreation director to a maximum of:
 - . \$2,500 per annum if the director has a Type A Permanent Municipal Recreation Director's Certificate.
 - . \$2,000 per annum if the director has a Type A Interim Municipal Recreation Director's Certificate.
 - . \$1,600 per annum if the director has a Type B Permanent Municipal Recreation Director's Certificate.
 - . \$1,200 per annum if the director has a Type B Interim Municipal Recreation Director's Certificate.
 - . \$600 per annum if the director has no certificate but has been approved by the Minister for grant purposes for that year.
 - . \$1,400 per annum if the director has no certificate but was, prior to December 31, 1964, approved by the Minister for grant purposes that year.
- b) 33-1/3% of the salary of each person employed for the purpose of program leadership or secretarial services to a maximum of \$500 for each person so employed.
- c) 25% of the approved maintenance and operating costs for the year to a maximum of \$1,000.

d) the total grant is subject to the following maxima:

<u>Purpose</u>	<u>Population of Municipality</u>			
	under 25,000	25,000 to 74,999	75,000 to 199,999	200,000 or more
Salaries	\$5,000	\$8,000	\$11,000	\$14,000
All purposes including salaries	6,000	9,000	12,000	15,000.

2) Unorganized Territories and Indian Bands

The Minister may approve a grant not exceeding \$5,000 for recreation programs conducted in territories without municipal organization or by an Indian Band.

TABLE 1

PROVINCIAL GRANT RECIPIENTS, 1975 TO 1977

	<u>1975/76</u>	<u>1976/77</u>	<u>1977/78 to date</u>
Municipalities	518	545	550
Schools in unorganized territories	16	18	25
Indian Bands	<u>35</u>	<u>35</u>	<u>35</u>
TOTAL	569	598	610

Non-Financial Assistance

Field staff of the Ministry provide a consulting service to municipalities, recreation authorities, institutions and community organizations in the areas of recreation development, adult

education, fitness and sports, and recreation facilities. This grant program serves as a communication channel through which field staff may introduce other Ministry programs and assure a degree of Provincial impact on local recreation planning, which impact reflects an objective analysis of the needs of the local community.

Cash Flow of Grants

While grant payments are spread throughout the year, the bulk of the payments are made in the period from June to October when the majority of applications are received.

Municipal Financing

Municipalities finance their program costs from their tax revenue, registrations, and donations from community groups.

Availability of Federal Funding

Federal cost sharing is not available for this program.

REGIONAL LIBRARY SYSTEMS

Legislative Authority

This program is authorized by The Public Libraries Act, R.S.O. 1970, Chapter 381, Part III, as amended.

Description

The regional library systems provide coordinating services to local library boards. The major services which are provided are regional reference collections, inter-library loans, centralized technical services, advisory services to improve standards, adult education programs, training programs for library staff, and provision of any library service upon agreement with a library board. The regional library boards are established as special purpose bodies by the Ministry of Culture and Recreation and are generally financed entirely by Provincial grants and fee for service revenue. The only exception is the Metropolitan Toronto library board which receives approximately 80% of its operating revenues from Metropolitan Council, and is established under the Metropolitan Toronto Act.

Every regional library system except Metro Toronto, is established by the Minister upon receipt of a request from five or more public library boards of which at least one has jurisdiction in a municipality having a population of 15,000 or more.

The Board of each regional library system except Metro Toronto is composed of:

- (a) one member appointed by the public library board in each municipality having a population of 15,000 or more in the region;
- (b) one member appointed by each county library board having jurisdiction in the region;
- (c) if the number of members appointed by each public library and county board is less than nine, the Minister may appoint additional members to the maximum nine members on the board.

Background and Development

Regional library systems were formed in 1967 largely on the basis of the economic regions existing at the time, although many had functioned as "library co-operatives" since 1957. Provincial support is largely determined by formula which, since 1970, is based on the population and area (measured in square miles) serviced by a Regional system.

TABLE 1

REGIONAL LIBRARY GRANT RATES 1970-77

	<u>Rate Per Capita</u> (<u>\$</u>)	<u>Rate Per Square Mile</u> (<u>\$</u>)	<u>Maximum Grant</u> (<u>\$</u>)
1970-72	0.35	1.50	150,000
1973	0.40	2.50	187,500
1974	0.45	3.00	200,000
1975	0.55	3.00	200,000
1976	0.55	3.00	240,000
1977	0.60	4.00	300,000

In 1974, additional grants were authorized to support library service in the unorganized areas in the four northern regions and to support regional library service for Indian Band libraries. The special grant for unorganized areas of \$1.95 per capita in 1974 was increased to \$2.40 per capita in 1977. The grant in respect of Indian Bands with libraries was increased from 45¢ to 60¢ per capita in 1977. This latter grant is significantly less than that for unorganized areas since, unlike unorganized communities, Indian Bands are eligible for the local library grant of \$1.80 per capita.

Special grants were first paid in 1971 for projects developed by regional libraries to promote the growth of region-wide services, to coordinate library resources, and to provide special services. They were for one-time projects rather than for ongoing programs. In 1973, special grants consisted largely of \$400,000 to promote French language library service. In 1974, only \$200,000 was made available for this program. In addition, in 1974 under the Outreach Ontario program, which was established in 1973 in order to decentralize the province's cultural resources and encourage greater intergration of arts facilities with communities, \$150,000 was distributed to the regional systems to bring cultural activities into local libraries. A further \$50,000 was paid to northern regions under Experience '74 to provide summer

jobs for students in libraries. In 1975, funding for the Outreach Ontario program was increased to \$200,000 and for Experience '75 was increased to \$234,000. Also in 1975, \$400,000 was provided to libraries for the Canadiana Development Program which replaced the French language support program.

Eligibility

There are 14 regional systems, 4 in the north and 10 in the south, which are as follows:

North - Algonquin	South - Central Ontario
North Central	Eastern Ontario
Northeastern	Georgian Bay
Northwestern	Lake Erie
	Lake Ontario
	Metro Toronto
	Midwestern
	Niagara
	South Central
	Southwestern.

Although membership in the regional library system is permissive, by 1975 all library boards, covering over 98% of the total provincial population, were part of a regional system.

Provincial Support

Each regional library system receives a formula grant equal to 60¢ times the grant population of member municipalities, plus \$4.00 per square mile of territory within the regional system (to compensate for population sparsity), subject to a maximum of \$300,000.

Commencing in 1977, the regional library systems also receive the basic county grant of \$15,000 in respect of each county and district within a region that does not have a county library. This grant had been available only to county libraries and the purpose of the change is to equalize distribution of funds and to eliminate the incentive aspect of a grant paid formerly only to county libraries.

Municipal Financing

There is no municipal financing other than from user fees paid by local and county boards. Metropolitan Toronto's contribution is financed from its tax revenue.

Availability of Federal Funding

Federal cost sharing is not available for this purpose.

TABLE 2

ANNUAL GRANTS AND REGIONAL LIBRARY SYSTEM EXPENDITURE
(\$000)

Year	Provincial Grants - All Boards		Total Library Expenditure	Metropolitan Toronto Board	
	Regular	Special		Grants	Expenditure
1970			2,634	473	3,206
1971			3,142	738	3,407
1972			3,132	716	3,830
1973	3,240	565	3,805	828	4,473
1974	4,219	287	4,506	991	5,524
1975	5,024	514	5,538	1,218	6,959
1976	5,137	534	5,671	1,376	7,600
1977	5,857	1,142	6,999	N/A	N/A

* Excludes any payments from Wintario or the Experience and Outreach Ontario programs.

** Breakdown not available, but special grants between 1970 and 1972 were minimal.

MINISTRY OF THE ENVIRONMENT

DERELICT MOTOR VEHICLES PROGRAM

Legislative Authority

Part I, section 3(g) of The Environmental Protection Act, Statutes of Ontario, 1971, Chapter 86, as amended, allows the Minister to make grants under the program. Part V permits the development and use of derelict motor vehicle sites.

Program Description

The Derelict Motor Vehicle Program is designed to clean up the "visual" pollution created by derelict motor vehicles, encourage the collection and transportation of hulks to processing plants for the reclamation of reusable materials, encourage the development of new derelict motor vehicle collection sites or the upgrading of existing ones, and establish long-term local programs which will be self-sustaining.

Under agreements with municipalities the Province subsidizes the start-up costs involved in establishing self-sustaining operations. Contract performance is monitored by the Province and information is compiled on towing costs, distances, market value of scrap steel, and other relevant considerations. The municipality administers the local program, locating and obtaining releases for hulks. In addition, the municipality is responsible for the collection of hulks and provides suitable data to the Ministry for program assessment.

The Province pays 100% of the cost of setting up operations and until such time as the operation is self-sustaining it completely funds the operating and administrative functions.

In order to create jobs, the program has recently been expanded to include support for developing, upgrading, or closing existing waste disposal sites and for debris clean-up operations on beaches and in recreational areas.

Background and Development

An interdepartmental committee investigated the derelict motor vehicle problem in 1971. Pilot projects were subsequently undertaken by the Ministry to examine potential costs and administrative problems. The transfer payment program was adopted in the 1976-77 fiscal year and was expanded to cover the waste disposal and debris clean-up function in the 1977-78 fiscal year. The derelict motor vehicle part of the program is expected to wind down over the next couple of years as this form of clean-up operation is nearing completion.

Eligibility

All municipalities are eligible for the grant, the sole requirement being the negotiation of an agreement with the Ministry. The actual derelict motor vehicle component of the program has been confined to Northern Ontario. In Southern Ontario, private sector activity in this area has proven to be adequate.

Shareable Costs and Provincial Support

All costs associated with setting up the derelict motor vehicle program and administering it until it is self-sustaining are completely financed by the Province. All revenues earned by the municipality in the operation of the program are deposited in a fund to be applied towards improving sites when the program becomes financially viable.

In the 1976-77 fiscal year, \$400,000 was allocated to this program. The allocation was increased to \$1,000,000 in the 1977-78 fiscal year.

Cash Flow of Grants

Provincial payments to municipalities are made as billings are sent in from the municipality or the municipality's sub-contractor. Billings are irregular but usually are sent to the Province five or six times a year.

Availability of Federal Funding

Federal assistance is not available under this program.

ENVIRONMENTAL INSPECTIONS PROGRAM

Legislative Authority

Part I, section 3(g) of The Environmental Protection Act, Statutes of Ontario, 1971, Chapter 86, as amended, allows the Minister to make grants for environmental inspection and other activities. Part VII specifies the requirement for inspection of systems and allows the Minister to enter into agreement with municipalities to carry out inspection-related functions.

Description

Under Part VII of the Act, private disposal systems require certificates of approval and must be operated according to standards established by the Ministry of the Environment (MOE). A municipality may enter into an agreement with the Ministry for purposes of inspecting lots where the use of private sewerage systems is proposed, issuing approval certificates and making corrective orders. For these functions it may collect fees payable under the Act.

Background and Development

Delegation to municipalities of the responsibilities described above was approved by the Management Board of Cabinet on December 17, 1974. Under the negotiated agreements, responsibility

for the aforementioned functions is usually assigned to local health units. Through the provision of grants by the Ministry of the Environment and the imposition of fees on the property owner, health units are expected to be able to recover the expenses incurred for environmental tasks. While formerly fees were imposed only for the approval of private sewerage systems, there has recently been an increased emphasis on user charges in covering costs related to inspection activities for subdivisions and severances.

The cost of the arrangements that have been made with local health units is considerably less than would be the case if the Ministry performed these activities on its own.

Eligibility

All local health units are eligible, the sole requirement being the negotiation of an agreement with the Ministry.

Shareable Costs and Provincial Support

For purposes of inspections, private sewerage systems are defined to include cesspools, septic tanks, privies, and operations in which sewage is hauled. Health units are reimbursed for the environmental work through user charges and MOE grants according to the following schedule:

1) Private Sewerage Systems

For each approval of an application, the minimum user fee is \$30, the MOE grant \$30.50. For systems exceeding a capacity of 4,500 litres per day, the user fee is \$80 and the MOE grant \$41. For each rejected application the MOE grant is \$60.50 and no fee is imposed.

2) Inspections for Subdivisions, Severances, Minor Variances, Grants of Easement, Condominium Proposals, Lot Line Adjustments

For each application the MOE grant is \$25 per lot. A user fee of \$15 per lot for each application has been approved in principle. When it is implemented, the MOE grant will be reduced to \$10.

3) Travel Grant

MOE also provides a supplementary travel grant of \$10 per application in cases where the average distance in the preceding year from all inspection sites to the nearest health unit office exceeds 20 miles.

Cash Flow of Grants

Health units submit claims to the Ministry monthly or at other appropriate intervals.

Availability of Federal Funding

Federal assistance is not available under this program.

GRANTS TO REIMBURSE HOMEOWNERS
FOR COSTS OF TERMITE CONTROL

Legislative Authority

These grants are made under the authority of An Act to Control the Use of Pesticides, Statutes of Ontario, 1973, Chapter 25, as amended, section 2(h).

Description

The objective of the program is to arrest the spread of termite colonies in Ontario. Assistance is provided for the prevention and eradication of termite infestation. This program replaced a similar scheme administered by the Ministry of Housing to assist Metropolitan Toronto.

Eligibility

Municipalities enter into agreements with the Ministry of the Environment (MOE) which require enforcement of by-laws to control termites. In municipalities where agreements do not exist, individuals may apply directly to the Ministry for a grant.

Where agreements do exist, residents submit claims to their respective municipalities for assistance in respect of measures they have taken to eradicate or prevent termite infestation, and the municipality, in turn, applies to MOE for the Provincial grant.

The agreements in all cases require municipal financial participation, although the share to be contributed is not specified.

Only owner-occupied buildings are eligible for grants, except in instances where tenants are held responsible for termite damage. Where the premises are divided to serve as both a residence and a commercial establishment, the portion deemed to be residential is eligible for grant.

Shareable Costs

The grants were budgeted at \$125,000 in the 1976-77 and 1977-78 fiscal years. Subject to the ceilings noted below, the Ministry pays 60% of the cost of each job, normally in the \$400 to \$600 range. The municipal contribution varies somewhat but usually approximates 25% of the total cost to a maximum of \$125.

Provincial Support

Sixty percent of the costs of treating a building for termite control are covered by the Ministry to a maximum contribution of \$2,000.

In localities designated by the Ministry as being subject to termite infestation, the costs of pretreating building land are eligible for grants equal to 60% of the cost to a maximum of \$1,000.

Municipal Financing

In addition to the costs of administering the by-laws and processing applications, municipalities are required to make a contribution to the costs of the program. Municipal funds are derived from property taxes.

Cash Flow of Grants

The Ministry pays the grant upon receipt and approval of applications.

Availability of Federal Funding

Termite control costs are eligible items of assistance under the Neighbourhood Improvement Program and the Residential Rehabilitation Assistance Program, in which both the federal government and the Ministry of Housing participate financially. The federal government does not participate financially in the MOE program.

GRANTS TOWARD THE PROVISION OF WATER AND SEWERAGE SERVICE

Legislative Authority

Sewerage and water projects are carried out under provisions of The Ontario Water Resources Act, R.S.O. 1970, Chapter 332, Sections 17 1 (a), 18 and 52, as amended.

Background and Development

Concern for the environment led to the establishment of legislation in 1957 through which the Province, under agreement with a municipality, could arrange, supervise and finance the construction of sewerage and water works. For a time, however, the Province limited its involvement to the provision of long-term loans at rates more favourable than most municipalities could obtain in the commercial market.

Even with favourable loan rates from the Province, though, needed projects were being delayed since many municipalities lacked the requisite financial capacity. In 1965 this situation was partially corrected through the institution of a program of Provincial projects under which the Province directly invested in sewerage and water facilities and provided services to municipalities at fees covering full cost. Nevertheless, the problem remained that a considerable number of small communities were faced with service charges which were excessively high in relation to typical household charges. Accordingly, the Province in 1969 instituted a subsidy program under its "Provincial Projects" scheme for small municipalities which incur high costs in the supply of

services. A local works grant, subject to a maximum of 50% of gross capital cost, was devised with the intention of containing household charges to the existing Provincial annual averages of \$100 for water supply and \$120 for sewerage service. In the same year another subsidy program, established at 15% of gross capital cost, was implemented to assist the development of Provincial projects on an area-wide basis serving more than one municipality. This assistance provided sufficient capacity in the system to accommodate population growth as well as residential and industrial development.

The local works subsidy was broadened in 1970 to include extensions to existing works where these were necessary to complete servicing in small municipalities. Extensions are financed and constructed by the Province under joint "Provincial-municipal agreements", which differ from the Provincial type in that municipalities come to own the facilities once the debt to the Province is retired.

Local works subsidies were revised in 1973 by raising the maximum grant to 75% of gross capital cost and increasing the standard per household annual charges to \$110 for water supply and \$130 for sewerage service.

In the 1974 Ontario Budget a further component of the Ministry's grant program was established. From that time, both regional and restructured municipalities have been eligible for grants equal to 15% of the gross capital costs on major area works.

ASSISTANCE IN SUPPLY OF SEWERAGE AND WATER SERVICES
IN SMALL MUNICIPALITIES - PROVINCIAL PROJECTS

Description

Under the Provincial scheme, projects are financed, constructed and operated by the Ministry of the Environment under what is essentially a fee-for-service arrangement with user municipalities. Charges are calculated per 1,000 gallons of water supplied or sewerage treated and are set at a rate sufficient to recover the retirement of debt plus plant operating costs. As the title suggests, ownership of facilities rests with the Province.

This section discusses the application of the Provincial scheme in small municipalities for which the costs of providing water and sewerage services are characteristically high. The application of the scheme to area projects which serve more than one municipality is dealt with in a separate program which will be described in a subsequent section.

The objective of the Provincial program in small municipalities is to facilitate the installation of water supply and sanitary sewerage services in order to remove water-borne health hazards and protect the environment. Projects that meet these objectives are supported by grants that reduce capital costs repayable. In each case the Province tries to contain annual household charges in respect of capital financing and operations in the municipality as close as possible to the Provincial average.

Eligibility

To qualify for this grant a municipality's annual pre-subsidy household charges must exceed the Provincial averages of \$110 for water supply and \$130 for sewerage service. The subsidy applies only to new works which service most, if not all, of the municipality's built-up area. While the subsidy calculation also has an allowance for future growth, it is not meant to be strictly a tool to attract development.

The proposed works and expenditure must be approved by the Ministry of the Environment, with whom the municipality must sign an agreement covering the terms of Provincial service provision.

Shareable Costs

Costs of constructing water works or sanitary sewerage works (but not storm sewerage works) can be shared by the Province and a municipality under the terms of this program, where:

water works means any works for the collection, production, treatment, storage, supply and distribution of water, or any part of such works, but does not include plumbing works; and,
sewerage works means any works for the collection, transmission, treatment and disposal of sewerage, or any part of such works, but does not include plumbing works.

Table 1 shows, for the fiscal years indicated, the sharing of costs between the Province and municipalities for the construction of water and sewerage works under this program.

TABLE 1

PROVINCIAL PROJECTS IN SMALL MUNICIPALITIES

	<u>1975-76</u>	<u>1976-77</u>	<u>Estimate</u> <u>1977-78</u>
		(\$ million)	
Provincial Share of Costs*	53.4	47.4	33.1
Municipal Share of Costs*	49.6	29.0	12.6
	<hr/>	<hr/>	<hr/>
Total Cost	103.0	76.4	45.7

* The figures shown relate to the full cost of project contracts completed in each fiscal year. Partial payments are included for certain large contracts extending over longer periods than a year.

Provincial Support

To recover its investment in sewerage or water facilities the Province levies a gallonage service charge on the municipality sufficient to cover capital financing costs, net of subsidy, plus the full cost of operations. Thus, the subsidy takes the form of a reduction in the charges payable to the Province.

Under the Provincial scheme, there is a further financial benefit in the form of "deficit financing". This mechanism

further eases the debt burden on a municipality by deferring payment on a major portion of the liability until the later years of the 40 year repayment term. In addition, the delay of capital cost retirement in this way results in a more equitable division of costs amongst ratepayers over time. Specifically, those households that connect to the system at the later stages of the agreement will still face a reasonable share of the total debt, whereas under a conventional term loan arrangement households which connect to the system towards the end of the amortization term gain an unfair advantage in that most of the debt has already been paid.

(a) Determining the Subsidy and the Post-Subsidy Service Rate

The following describes the calculation of the subsidy and the service rate necessary to cover costs after the application of subsidy.

Step I: Initially, the service rate needed to recover both the full operating costs and capital costs of the works, exclusive of the amount of grants from the Central Mortgage and Housing Corporation, is determined. In calculating the gallonage rate, of course, the fixed charges for frontage and connection in each municipality have to be subtracted from costs to be recovered. For this purpose frontage and connection charges are assumed to equal a Ministry standard.

Basically, the service rate is determined by dividing the total debt amortization plus estimated operating costs to be recovered from gallonage rates over the relevant time period by the total projected gallonage consumption (usually under the assumption of 110 gallons per capita per day). Since the estimated number of connections to the system increases over the time period, this service rate pattern of financing produces deficits in the initial years when the total consumption level is lower and these are balanced by surpluses in later years when total consumption is higher. Interest on the cumulative deficit is charged in the initial years and this is taken into account in the annual service rate.

The gallonage service charge, so determined, is converted into an annual homeowner charge and to this is added the fixed standard charges for frontage and connection. If the total homeowner charge exceeds the typical level for the Province of \$130 for sewerage service and \$110 for water supply a subsidy is applied as per step II.

Step II: The gallonage service rate determined above is reduced by application of the subsidy in order to bring the annual homeowner charge closer to the Provincial average.

Specifically, by increasing the subsidy, the service rate is reduced until either the target homeowner charge is achieved or the maximum subsidy of 75% of capital costs is reached.

Step III: By replacing the standard connection and frontage charges with the actual charges imposed by the municipality, this step determines the service rate to be charged to the municipality to recover operating costs and the unsubsidized portion of capital financing.

Although the amount of grant is expressed as a fraction of the capital cost, the calculation is not based on that cost alone. Rather, the assistance represents the difference over the life of the agreement between pre-subsidy financing and operating costs on the one hand and total charges as restricted to the typical level on the other. The absolute amount of grant arrived at in this manner is then expressed as a percentage of the capital cost to ensure that it does not exceed the allowable maximum of 75%.

Although the subsidy is limited to 75% of the gross capital cost, this sum, in combination with any federal funding may amount to more than the entire capital cost of the project. When this is so, the Provincial subsidy generally has been limited to 75% of the cost after the deduction of any federal grants.

b) Management by Results (MBR) System: Establishing Priorities Among Eligible Projects

Since there is a limit to the total amount of Provincial money available, water and sewerage projects are evaluated according to the fulfilment of one or more of the following objectives (listed in order of importance): the removal of health hazards, accommodation of growth, environmental protection and community enhancement. (These are the general categories; in practice, a slightly more detailed classification is used).

Each project is evaluated according to its ability to meet each of these objectives on a scale ranging from 1 to 5. For example, under the category "removal of health hazard" a project would receive the highest grade of 5 if it is meant to service an area in which the water supply for drinking purposes is contaminated to the point where an order to boil water is in effect. Alternatively, the grading would be 1 if the project is designed to deal with the minor contamination of wells which occurs on a scattered basis and can be corrected individually.

Before a project will be accepted for development by the Ministry a minimum grading of 2 for health, 3 for environment or 3 for growth must be achieved. Projects are then classed as either "health/environment" or "growth" according to the category under which the grade is highest. The division of total grant funds between these two funding categories is pre-determined each year as part of the Ministry's budgetary exercise.

Within each funding category, the Province must establish a priority list for projects. The following weighting system is used for this purpose.

<u>Objectives</u>	<u>Weighting</u>
Removal of health hazards	150
Accommodation of growth	100
Environmental protection	75
Community enhancement	10

The priority to be attached to any particular project is determined by multiplying its grade for each objective by the appropriate weight. Summing the products over all objectives gives the priority rating for any particular project. Thus, the higher the score, the higher will be the priority. However, a special project class is used to override the rankings, when necessary, to allow for continuity of projects and to recognize government objectives that may lie outside the four regular objectives.

Non-Financial Assistance

For Provincial projects the Ministry of the Environment handles all aspects of approval, negotiations with Provincial and federal (CMHC) agencies, selection of design consultants, loan financing, tendering for and supervision of construction, and plant commissioning. The costs incurred for these services are absorbed by the Province.

Municipal Financing

As discussed earlier, the Province applies a service charge to recover its capital financing costs (after deduction of the subsidy) plus the full costs of operations. Municipalities are invoiced monthly by the Province and may likewise settle monthly. Certain municipalities pay quarterly and one or two pay twice a year.

The municipality can raise the money for these payments through general taxation, special area rates, flat household charges, gallonage water rates, and connection and frontage charges. Sewerage service rates based on water flow are generally imposed as a surcharge on the water bill. The Province advises the municipality on an appropriate mix of financing.

Provincial projects, like any other capital undertaking in which municipalities participate, are subject to review by the Ontario Municipal Board. All representations before the Board concerning Provincial projects are made by the Province on behalf of the municipality. Hearings are held by the Board to consider any objections to the proposed expenditure. However, whereas the Board usually takes account of total debt to be incurred in financing a capital project, in the case of Provincial projects only a small portion of the liability is entered into the municipality's OMB debt quota. Specifically, the present value of the annual funds raised to meet payments by means of mill rates, frontage rates, and connection charges for the term

of such revenue sources is calculated and charged against a municipality's debt capacity. It should be noted, however, that the fraction of costs recovered through these means would not normally exceed 10%. The rest is recovered through gallongage rates.

Cash Flow of Grants

Since a subsidy under this program takes the form of a reduction in capital cost repayable by the municipality, the question of cash flow does not apply.

Availability of Federal Funding

Federal funding is available towards local sewerage and water projects, independently of the Provincial assistance, through the Central Mortgage and Housing Corporation and the Department of Regional and Economic Expansion.

A The Central Mortgage and Housing Corporation

I Types of Assistance

Under the provisions of Section VIII of The National Housing Act, CMHC provides assistance in four forms: loans, loan forgiveness, grants-in-lieu of loan forgiveness, and special grants.

(i) Loans have been provided by CMHC for sewerage treatment facilities since 1961 and for water supply projects since 1975. Trunk storm sewer systems and water supply project loans may be made until April 1, 1980. The loans, equal to two-thirds of the capital cost of works as determined by CMHC, have a term of no longer than the useful life of the project or 50 years, whichever is less. In determining these loans, grants from other federal bodies are deducted from the total cost of the project.

(ii) Loan forgiveness can free the borrowing municipality from repaying 25% of the principal and 25% of the interest owing on loan advances at the date of a project's completion..

(iii) Grants-in-lieu of loan forgiveness can apply where a project has been completed without CMHC loan financing. In instances where a Province, municipality, or municipal sewerage and water supply corporation has applied for a grant and has subsequently completed, to CMHC's satisfaction, the establishment or expansion of a sewerage treatment project, water supply project or construction of a trunk storm sewer system, without having borrowed from CMHC, CMHC may make a grant to the government or agency concerned. This grant cannot exceed 25% of the maximum loan which CMHC could have made for the project.

(iv) Special grants for high cost projects have been available since 1975. These grants apply to sewerage

treatment projects which in CMHC's estimation are likely to impose an excessive per capita cost on the municipality. Such a grant cannot exceed the lesser of:

50% of the eligible capital cost of the project:

or

50% of an amount equal to the eligible capital cost of the sewerage treatment project, together with the eligible cost of any previous sewerage treatment projects, minus:

the product of the municipality's per capita cost level (established by CMHC) and its population.

In establishing per capita costs, the population will be determined by whichever is the larger:

the total population of a municipality or municipalities for which the project is being undertaken:

or

the total population that could be served by the project operating at design capacity.

The grant is calculated against project cost after any other federal grants.

For 1976-77, CMHC's total commitments in Ontario amounted to \$110.9 million. This total consisted of \$95.1 million in loans (of which \$23.78 million is forgivable), \$9 million in grants-in-lieu of loan forgiveness, and \$6.8 million in grants in respect of high cost. The amount of CMHC assistance in respect of projects undertaken by the Ministry of the Environment since the fiscal year 1975-76 is detailed in Table 2.

TABLE 2

CMHC LOAN FORGIVENESS AND GRANTS TO SEWERAGE AND WATER

PROJECTS UNDERTAKEN BY THE MINISTRY OF THE ENVIRONMENT

<u>Fiscal Year</u>	<u>CMHC Assistance</u> (\$ million)
1975-76	8.23
1976-77	11.74
1977-78 (projected)	19.13

II Eligible Costs

CMHC loans, loan forgiveness, grants-in-lieu of loan forgiveness and special grants may be paid towards the capital costs of sewerage treatment facilities, disposal systems, trunk collector sewers, and storm sewers which open up land for residential development. All projects must meet Provincial environmental standards. As well, the allocation of funds among individual projects must be consistent with Provincial priorities.

Such assistance, with the exception of special grants, can also be applied towards capital costs incurred in the construction of water supply projects, including reservoir facilities, intake systems, treatment facilities and trunk distribution systems. To be eligible, the project must encourage comprehensive land use and residential development in previously undeveloped areas.

Eligible costs are defined differently by the federal and Ontario governments. CMHC will assist storm sewer projects through loans and grants; the Province will construct storm sewer projects, usually under joint Provincial-municipal agreements, but will not provide subsidy. Both the Province and the federal government will assist local sanitary collector sewers in small municipalities; the federal government, however, provides this kind of assistance strictly to municipalities of less than 5,000 in population and at a rate which declines with increasing population. The percent of collector sewer costs qualifying for federal assistance in small municipalities varies according to the following schedule. The population used is the most recent federal census.

<u>Population</u>	<u>Collector Sewer Cost-Qualifying</u> (%)
1 - 1,000	50
1,001 - 2,000	40
2,001 - 3,000	30
3,001 - 4,000	20
4,001 - 5,000	10

B Department of Regional Economic Expansion (DREE)

Under various subsidiary agreements to the General Development Agreement (GDA) of 1974, DREE shares with the Province the costs of developing infrastructure in depressed areas of Ontario. Water and sewerage projects constitute a significant part of this infrastructure. The entire costs of these projects are usually shared equally by the federal government and the Province. Cost-sharing under the GDA, however, is flexible and negotiable. As the agreement states, "Financial arrangements as between Canada and the Province for each subsidiary agreement will be established on the basis of the initiative included therein, the federal and Provincial responsibilities and interest in respect of such initiatives, and such other considerations as may be agreed". The cost sharing under the program since 1974 is shown in the following table.

TABLE 3

<u>DEPARTMENT OF REGIONAL ECONOMIC EXPANSION: AID</u>	
<u>TOWARDS SEWERAGE AND WATER SERVICE PROJECTS IN ONTARIO</u>	
	(\$ million)
Estimated Costs of Continuing Projects Initiated since 1974	43.8
Federal Commitment to Projects	21.9
Provincial Commitment to Projects	21.9

ASSISTANCE IN SUPPLYING WATER AND SEWERAGE SERVICES IN SMALL
MUNICIPALITIES - JOINT PROVINCIAL-MUNICIPAL PROJECTS

Description

The Province may enter into an agreement with a municipality to complete the servicing of its population. Usually, this involves the extension of a water supply or sewerage system.

As is the case under Provincial projects, the Ministry of the Environment finances, builds and generally operates water and sewerage works for municipalities and recovers costs in respect of these services. The intention of the subsidy is also identical - to enable municipalities to keep annual household charges for water and sewerage services at the level regarded as average for the Province. However, these agreements differ from the Provincial type in that Provincial operation of the facilities is at the option of the municipality. In addition, ownership of facilities does not remain with the Province as it does under Provincial agreements; rather, it passes from the Province to the municipality once the municipal share of capital cost has been paid. As a further distinction, cost recovery under joint agreements proceeds through term payments at fixed intervals rather than by gallonage rates.

The main beneficiaries of the program are once again the smaller municipalities.

Eligibility

The criteria governing eligibility for "Assistance in Supplying Water and Sewerage Services -- Provincial Projects" also apply here. In addition, it should be noted that a municipality may receive assistance for only one extension to its system.

Shareable Costs

The Province shares under this program in the costs of constructing water or sewerage works as defined under "Shareable Costs" under the "Provincial Projects" program.

Table 4 below shows the sharing of costs between the Province and the municipalities under this program for the fiscal years indicated.

TABLE 4

JOINT PROVINCIAL-MUNICIPAL PROJECTS IN SMALL MUNICIPALITIES

	<u>1975-76</u>	<u>1976-77</u>	(projected) <u>1977-78</u>
	(\$ million)		
Provincial Share of Costs*	2.36	4.48	3.30
Municipal Share of Costs*	<u>3.21</u>	<u>3.82</u>	<u>1.17</u>
Total Shareable Cost	5.57	8.30	4.47

* Figures shown relate to project contracts completed in each fiscal year. Partial payments are included for certain large contracts extending over longer periods than a year.

Provincial Support

Two different kinds of financial arrangements exist between the Province and municipalities, depending upon when such agreements were signed.

Under agreements made before April 1, 1974, the Province recovers capital costs from the municipality under a sinking fund arrangement extending over a term not exceeding 30 years. The municipality pays annually to the Province an amount which, with interest compounded annually, will form at the end of 30 years a sum equal to the municipal share of the capital cost of the project. In addition, the municipality pays annually to the Province an amount to cover the interest and expense of debt service which the Province incurs in financing the project.

Where an agreement was entered into after April 1, 1974, the municipality repays the capital cost by equal, blended quarterly payments of principal and interest for a term not exceeding 30 years.

Determining the Subsidy

The Provincial subsidy takes the form of a reduction in the loan payable to the Province by the municipality. The subsidy is calculated by this formula:

$$S = \left[C_s + C_t \frac{N_n}{N_e} \right] - \frac{N_n (H_o - C_t)}{f}$$

where:

C_s = Capital cost of extensions exclusive
of any treatment works being proposed.

N_n = Number of connections to be made to
the new works. This should be the
total number of connections possible
and not necessarily the total number
of initial connections or initial users.

C_t^1 = Capital cost of new treatment facilities
being provided as part of the extension
program.

N_e = Total number of connections, both for
existing and new areas.

H_o = Basic homeowner charge related to
policy for Provincial subsidy.

C_t = The cost of service (or equivalent)
based on existing works or charges
only.

f = Factor for amortization related to
40 year financing at the prevailing
rate of interest, i.e. the annual
charge necessary to repay a loan of
\$1 over a 40 year period¹.

S = Subsidy in dollars

1. Since the loan agreement is for 30 years, it may seem odd to employ an amortization factor for a 40-year period. This is done to maintain consistency with the calculation of subsidies for Provincially owned projects.

In the equation above,

i) the first bracketed term is the total capital costs to be recovered, where C_s represents the capital costs of the distribution extension and $C_t \frac{(N_n)}{(N_e)}$ represents the estimated portion of the capital costs of the new treatment facilities to be financed by new households connecting to the extension.

ii) the second bracketed term represents the maximum amount of loan that can be repaid through additional charges on newly serviced households if the annual per household charge is restricted to the typical level (H_o). With the total annual charge per household restricted to H_o , additional annual charges to new households are represented by $N_n (H_o - C_t)$. Dividing this term by f , as defined above, $\frac{N_n (H_o - C_t)}{f}$ represents the total loan that can be repaid over 40 years with annual payments of $N_n (H_o - C_t)$.

If the capital cost to be recovered exceeds the total loan that can be financed at a charge of H_o , a subsidy (S) equal to the difference between (i) and (ii) is paid. The subsidy, determined in this manner, is expressed as a fraction of capital cost to ensure that it does not exceed the allowable maximum of 75%. As with Provincial projects, the ceiling on the subsidy has generally been limited to 75% of the costs after federal assistance. Where operating costs are incurred as a result of extending the distribution system, these are incorporated as a further cost item in the formula.

The MBR procedure dealing with subsidies on Provincial works in small municipalities also encompasses joint Provincial-municipal projects. The same non-financial assistance that applies to Provincial projects is available under joint projects.

Municipal Financing

The terms of municipal repayment of debt to the Province have been detailed above in explaining the subsidy scheme. Payments to the Province can be met through a mix of local charges and rates as is the case under Provincial projects.

Joint projects are also subject to OMB review, which includes the hearing of local objections and examination of the effect of the undertaking on the municipality's debt capacity. However, whereas only part of the liability incurred through Provincial projects enters the municipality's debt quota, the total debt to the municipality incurred under joint schemes is considered.

Cash Flow of Grants

Since the subsidy under this program takes the form of a reduction in capital cost repayable by the municipality, the question of cash flow does not apply.

Availability of Federal Funding

The description given under this heading under Provincial projects applies here as well.

ASSISTANCE TOWARDS THE PROVISION OF WATER AND SEWERAGE SERVICES
ON AN AREA BASIS - PROVINCIAL PROJECTS

Description

This program is designed to assist in financing the capital cost of Provincial area projects. Financial aid includes 15% subsidies to encourage the undertaking of projects capable of serving more than one municipality.

The objective of this program is to achieve the economies of scale that are possible with larger size projects. Accordingly, while only small municipalities have benefitted from the two schemes which ease the burden of high servicing costs, the area plan is available to municipalities of all sizes.

Under certain circumstances an area works scheme, or a part of it, may be eligible for an enriched subsidy. Firstly, where the cost of an area works imposes a burden upon participating municipalities which exceeds, on a household basis, the Province-wide determined threshold level, for the high cost grant, assistance can range up to 75%. This policy is followed so as not to impose a financial penalty on small high cost municipalities which combine in a cost-efficient area project. Secondly, where the distribution facilities of an area works imposes charges in excess of the typical level in some communities the distribution works in those communities may also be subsidized up to 75% and the remaining works are eligible for the 15% grant.

Since the scheme is "Provincial" the Province is responsible for all aspects of servicing and financing as outlined under the section on provincial projects for small municipalities.

Eligibility

To qualify for a grant the proposed works and expenditure must be approved by the Minister of the Environment, with whom the municipality must sign an agreement covering the terms of Provincial service provision. Only projects which are sized to meet future population and development needs will be accepted.

Shareable Costs

The Province will contribute to the cost of the following major facilities:

(a) Water supply

- all works for the production, treatment and/or storage of water operated by the municipality or on behalf of an area municipality or any local board thereof;
- all trunk mains and ancillary structures whose prime purpose is to transmit water from production or treatment works under the jurisdiction of the municipality or to the distribution system of an area municipality;

provided that:

- the trunk main servicing the distribution systems is 16 inches or larger in diameter and has a minimum of local service connections which rises with the size of the project;

or

- in the case of assumption by the municipality of smaller systems, the trunk main connects or has the potential to connect treatment or production works under the jurisdiction of the municipality to other works under the jurisdiction of the municipality irrespective of pipe diameter.

(b) Sewerage disposal

- a treatment works operated by the municipality or on behalf of an area municipality or any local board thereof;
- intercepting and trunk sanitary sewers including ancillary structures which make practicable the provision of adequate but efficient pollution control;

provided that:

- the trunk sewer terminates at a sewerage treatment facility or pollution control system under the jurisdiction of the municipality and which, although serving as a local sewer and having a minimum number of private drain connections, has a hydraulic capacity in excess of 6 cubic feet per second.

- (c) Expenditures incurred in the purchase of land associated with eligible work;
- (d) Such other costs as may be approved.

Table 5 shows the sharing of costs between the Province and the municipalities for construction of water and sewerage works under the 15% subsidy program.

TABLE 5

PROVINCIAL AREA PROJECTS

	<u>1975-76</u>	<u>1976-77</u>	<u>1977-78</u>
	(\$ million)		
Provincial Share (15%)*	7.0	9.0	15.0
Municipal Share *	<u>39.5</u>	<u>51.4</u>	<u>85.0</u>
Total Shareable Cost	46.5	60.4	100.0

*Figures shown relate to project contracts completed in each fiscal year. Partial payments are included for certain large contracts extending over longer periods than a year.

Provincial Support

Provincial recovery of its investment from the municipality follows the same procedure outlined in the discussion of Provincial projects in small municipalities. The MBR procedure outlined in that section also encompasses Provincial area projects. As indicated above, the area projects are eligible for a subsidy rate of 15% of gross capital costs. All services

provided free of charge under Provincial Projects are also supplied at no cost to the municipality under this scheme.

Municipal Financing

The discussion of municipal financing under the section on Provincial projects in small municipalities applies here.

Cash Flow of Grants

Since the subsidy under this program takes the form of a reduction in capital cost repayable by the municipality, the question of cash flow does not apply.

Availability of Federal Funding

The description given under this heading in the section on Provincial projects for small municipalities applies here as well.

ASSISTANCE IN CONSTRUCTING SEWERAGE AND WATER WORKS
IN RESTRUCTURED MUNICIPALITIES

Description

A grant of 15% of eligible capital cost is made to assist in the construction of water and sewerage works financed and built by restructured municipalities.

The objectives of this program are to give projects financed by municipalities the benefit of grant assistance previously confined to projects financed by the Province and to increase the supply of serviced lots in fast growing areas.

Eligibility

As of October 1976 the following municipalities were eligible to take part in this program:

The Municipality of Metropolitan Toronto; the Regional Municipalities of Durham, Haldimand-Norfolk, Halton, Hamilton-Wentworth, Niagara, Ottawa-Carleton, Peel, Sudbury, Waterloo, and York; the District Municipality of Muskoka; the Cities of Thunder Bay and Timmins; and the Restructured County of Oxford.

Only regional municipalities or municipalities which have undergone substantial restructuring are eligible. Unlike Provincial area works which must serve more than one municipality, eligible works in regional or restructured areas must serve some minimally sized area.

To ascertain whether a given project is eligible for a grant under this program, the municipality should apply to the Ministry for a preliminary certificate of approval giving an estimate of costs (including design and supervision fees) and tentative dates for starting and completing construction.

Once preliminary grant approval has been obtained, the municipality should award a contract for the work and make formal application for a grant. If everything is in order, the Ministry will give final approval along with the notification of the amount of grant.

Shareable Costs

Only costs incurred for works put in place and paid for after April 1, 1974 are shareable. These may include:

- the cost of design and supervision of the project;
- construction costs incurred by the municipality as set out in the application for the erection, alteration, renovation or extension of major water supply and sewerage disposal facilities as defined under "Eligible Costs" in the section on Provincial area projects;
- interim financing charges paid during the period of construction;
- expenditures incurred in the purchase of land associated with the eligible work;
- such other costs as may be approved.

Table 6 shows the annual grants paid under this program since 1974 and the associated value of works assisted.

TABLE 6
SEWERAGE AND WATER CAPITAL GRANTS
TO REGIONAL AND RESTRUCTURED MUNICIPALITIES

<u>Year</u>	<u>Grant</u>	<u>Value of Works Assisted</u>
	(\$ million)	(\$ million)
1974-75	4.73	31.5
1975-76	10.40	69.3
1976-77	11.20	74.7
1977-78(est.)	12.35	82.3

Other Provincial Assistance

In addition to the 15% available under this program, municipalities may obtain two other forms of Provincial assistance, and possibly federal assistance as well. The Ontario Ministry of Housing, through the Ontario Housing Action Program, is a source of interest-free loan funding for water and sewerage works construction, mainly in regional municipalities.

Capital works of this kind can also receive assistance under The Ontario Municipal Improvement Corporation Act, whereby municipalities may issue debentures through the Province. The rate of interest, though higher than for Ministry programs, is

on a par with the rate municipalities would pay on the open market. The length of term is decided by the Ontario Municipal Board. The eligibility conditions for loans on capital works, including sewerage and water works, under the Ontario Municipal Improvement Corporation are as follows:

THE ONTARIO MUNICIPAL IMPROVEMENT CORPORATION ACT

R.S.O. 1970

Chap. .25. Sec. .3 - (1) The Objects of the Corporation are,

- (a) to purchase from any municipality in Ontario having a population less than 20,000 debentures issued by it for any municipal purpose;
- and
- (b) to purchase from any municipality in Ontario having a population of 20,000 or more debentures issued by it for any of the following municipal works and undertakings:
 - 1. Water works and water supply distribution systems.
 - 2. Sewerage works, treatment works, sewer systems or sewers, as defined in section 362 of The Municipal Act.
 - 3. Plants and works for the incineration of garbage, refuse and waste.
 - 4. Drainage works under The Municipal Act.

Municipal Financing

The municipality can raise its own revenue for these projects through general taxation, special area rates, flat household charges, gallonage water rates and connection and frontage charges. In addition sewerage service rates based on water flow are generally imposed as a surcharge on the water bill.

Municipalities with the requisite financial status may raise loans on the commercial market, rather than rely on the Ontario Municipal Improvement Corporation as a source of financing.

Cash Flow of Grants

Upon request, the Ministry will advance to the municipality an interim payment of 10% of the final estimated cost of the project, provided that the municipality supplies proof that it has paid 50% of the contract cost.

Final payment will be made to the municipality upon receipt of a statement of final costs, certified by the municipality's senior financial officer. The final payment will be an amount equal to 15% of the final cost, minus any interim payment.

Availability of Federal Funding

The description given under this heading under the section on Provincial projects for small municipalities applies here as well.

MINISTRY OF HEALTH

AMBULANCE SERVICES

Legislative Authority

Provincial responsibility for ambulance services is defined by The Ambulance Act, R.S.O. 1970, Chapter 20, as amended.

Description

The ambulance services program provides 24-hour emergency patient care. The provision of such services is achieved through an integrated system of services and communications.

In 1975, Ontario's ambulance units handled almost 510,000 cases. The number and types of units as of June, 1977 are shown below:

Hospital-based	82
Privately operated	71 ¹
Volunteer-provided	23
Municipally operated	12 ²
Ministry of Health	10
	<hr/>
TOTAL	198

-
1. Excludes satellite stations operated from neighbouring communities.
 2. Many of these are staffed by volunteers.

By providing financial support and by overseeing staffing, operational standards, and equipment selection, the Ministry has improved Ontario's ambulance services over the past ten years. Coordinated services are achieved through dispatch centres which receive and relay all calls for ambulances.

While the trend in the past few years has been towards integration of variously managed ambulance services within a given locale, the Province continues to stress the desirability of establishing ambulance units to cover wider areas, in turn to make better use of resources and hence provide a more effective delivery of services. To this end the Ministry of Health in 1976 initiated a procedure whereby interested and qualified parties are invited to submit proposals for new ambulance operations as the need arises.

The rates for ambulance services provided to persons registered under the Ontario Health Insurance Plan (OHIP) are as follows:

- (i) if ambulance service is deemed to have been medically essential, the charge is \$5 for the first 25 miles and 15¢ per mile for each additional mile, up to a maximum total charge of \$25;
- (ii) if ambulance service is considered to have been non-essential, the charge is \$25 for the first 25 miles, and 60¢ per mile for each mile thereafter, with no upper limit.

If the user is not covered by OHIP, then the rate shown in (ii) above applies, whether or not the services are classified as medically essential.

Background and Development

Before 1966 ambulance services were provided by a variety of private, volunteer, hospital, and municipal operators with little overall direction and minimal intercommunication. There were no enforceable standards for staffing, equipment or performance.

In 1966 the Province appointed the Ambulance Services Task Force to develop a comprehensive plan for the organization, operation, and financing of ambulance services in Ontario. In that same year the Government enacted The Ambulance Act, bringing into force some general rules for operating ambulances. Meanwhile, the Ministry of Health became involved in the design and purchase of ambulance vehicles on behalf of various operators. In 1967 the Task Force submitted a report which became the basis for the present system.

Eligibility

A public ambulance service can be established and maintained only by authority of a licence granted annually by the Ministry of Health. A temporary licence may be issued to permit the use of some specified vehicle as an ambulance, but it is valid for only one year.

The Ministry may designate a municipal council as the sole provider of ambulance services within its boundaries. When this occurs, all other ambulance services must cease operating and may be incorporated into the municipal service. The municipality may also negotiate compensation for any asset which operators may wish to transfer, and the Province in turn may reimburse municipalities for such expenditure. This situation occurred in Metropolitan Toronto in 1975.

Shareable Costs

From operating budgets submitted to the Ministry of Health by the providers of ambulance services, the following estimates have been made of the Provincial share of operating costs for the past three years. The increase in municipal ambulance expenditure over the period is to a large extent attributable to Metro.

	<u>1974</u>	<u>1975</u>	<u>1976</u>
	(\$ millions)		
Municipal ambulances	2.9	6.0 ³	9.2
Non-municipal ambulances	<u>19.1</u>	<u>23.0</u>	<u>28.5</u>
Total	22.0	29.0	37.7

-
3. Privately owned services in Metropolitan Toronto became a municipal operation late in 1975.

For all ambulance services the Province places dollar limits on its subsidies according to each unit's Provincially approved estimates. Generally speaking, if an ambulance unit stays within the estimates approved for each of three categories—salaries and fringe benefits, vehicle operations, and other supplies and expenses—it is assured of a 100% subsidy.

Metro Toronto (allowed more latitude than the others), uses a system of "global budgeting" in which it may exceed its spending estimates in some categories, providing this excess expenditure is offset by equivalent savings in other areas.

As another form of support, the Ministry of Health assumes all responsibility for acquiring and equipping ambulances for all units throughout Ontario except Metro Toronto, which has been authorized to handle these matters on its own. The centralized purchasing and placement of vehicles by the Province: (a) allows operators to realize the increased benefits of volume purchasing, and (b) promotes a more efficient allocation of resources.

The Province also makes special payments to providers of ambulance services to cover the cost of transporting patients by air and to points outside the province, and to pay for helicopter service between Moosonee and Moose Factory Hospital during spring and fall, when the weather makes water and land transportation unfeasible.

Non-Financial Assistance

The Ministry of Health provides consulting services pertaining to training, vehicle maintenance, and communications development. As community colleges gradually have assumed primary responsibility for training new ambulance personnel, the Ministry concentrates on developing packaged training programs for upgrading and recertifying previously-trained personnel. More specifically, Ministry staff will be responsible for conducting examinations of ambulance attendants seeking certification as Emergency Medical Care Assistants. The first such test is scheduled for early 1978.

Municipal Financing

The only ambulance service costs not funded by the Province are a portion of those costs incurred by Metro Toronto. In 1975, these unsupported costs amounted to about 5% of Metro's ambulance costs; in 1976 they were about 25%, or \$2.8 million. Costs in excess of subsidy are borne by the Metropolitan Toronto Department of Ambulance Services through municipal funds allocated for this purpose.

Elsewhere in the province, some ambulance units receive subsidies from their municipalities in the form of rent-free or nominal-rent accommodation in municipal buildings. Since circumstances are unique in each case it is impossible to put a specific figure on the value of this form of indirect subsidy.

Cash Flow of Grants

Each provider of ambulance service submits an annual budget (for Ministerial approval) to the Ambulance Services Branch. Upon approval of the ambulance budget, the Ministry sends out the subsidies in semi-monthly instalments. At the end of the year adjustments are made to reconcile actual expenditures and the actual aid received.

Availability of Federal Funding

No federal assistance is available for ambulance services.

HEALTH UNITS

Legislative Authority

The Province's authority over local health agencies in general is derived from The Public Health Act, R.S.O. 1970, Chapter 377, as amended.

Description

Health units, which provide services such as communicable disease control, family planning, food sanitation inspection, and preventive dentistry, are of three types: local department of health, local health units, and district health units. Each type represents a different stage of consolidation in the delivery of public health services.

Responsibility for providing community health services lies within 31 district health units, 6 local health units, 6 local departments of health, and the Northern Ontario Public Health Service (NOPHS) which is administered by the Province on behalf of certain unorganized territories in the north not served by health units. In some unorganized territories, responsibility for public health is assigned to neighbouring health units, in which case the health unit is entitled to a special grant from the Province at the end of each year. The size of this grant depends on the per capita cost experienced by the health unit in its own jurisdiction, the population (permanent and seasonal), and the physical

size of the unorganized territory. Health services to Indian Bands are also provided by neighbouring health units or the NOPHS, in which case the federal government pays for all costs arising from the provision of these services.

Each board of health employs a qualified physician as a medical officer of health to be in charge of its health unit. The staff of a health unit consists mainly of public health inspectors and public health nurses and, depending on the scope of its activities, a number of other health professionals. To a large extent the areas under the jurisdiction of health units are coterminous with regional municipality, county and district boundaries.

Eligibility

Under The Public Health Act, every municipality must have either a local board of health or belong to a health unit capable of providing full-time public health services. The costs involved are paid partly by the Province. If a municipality fails to provide full-time public health services, the Minister of Health can delegate this responsibility to others and charge the cost to the municipality.

Background and Development

Until 1934 every municipality was required to have a local board of health, while the provision of full-time public health services was left to each board's discretion. As a result

services were generally inadequate, especially in municipalities that were small or poor.

In 1934, to encourage municipalities to pool their resources and provide better public health service, the Government introduced legislative amendments to provide Provincial assistance to health units.

In 1966 Ontario had 41 health units providing full-time services covering 95% of the population.

In 1967 the Province accepted a task force recommendation to amalgamate existing local health units into 29 district health units. The aim was to make the delivery of services more efficient and economical. And, for the first time, local health agencies were obliged to provide full-time services. To stimulate the establishment of district health units, the Province set a subsidy rate of 75% for them, whereas county health units were to receive only 50%, and municipal departments of health only 25%.

Provincial Support

The Province's share of the total cost of a local health agency depends on the type of agency concerned.

TABLE 1

RATES OF PROVINCIAL OPERATING SUPPORT TO LOCAL HEALTH SERVICES

<u>Type of Agency</u>	<u>Provincial Share</u>	<u>Number</u>
	%	
Departments of Health	25	6
Local Health Units	50	6
District Health Units	75	31
NOPHS	100	1

Provincial grants are also available through the Ministry of Health for local boards and municipalities to build, modify or add to community health facilities. For this purpose, the Province will pay two-thirds of the costs, including costs of equipment, furnishings, and architects' and engineers' fees. Because most community health facilities are well established and many rent their premises, capital assistance is relatively small. In 1975-76 it amounted to \$168,000.

Shareable Costs

Shareable costs are determined from each health agency's budget. Adjustments are made for any underpayments or overpayments in the previous year.

Program and financial consultants review the estimated and reported operating costs of each agency, and weigh them against the health programs involved.

Table 2 shows Provincial grants to boards of health and health units since 1973*.

TABLE 2
PROVINCIAL SUPPORT TO LOCAL HEALTH SERVICES

<u>Fiscal Year</u>	<u>Provincial Grants*</u> (<u>\$000</u>)	<u>Increases</u> (<u>%</u>)
1973-74	22,838	-
1974-75	29,639	29.8
1975-76	35,943	21.3
1976-77	41,512	15.5

* Not all-inclusive; refers only to funding from general appropriations for health units, and includes Family Planning and Unorganized Territories Grants, but not grants for V.D. Control, Home Care, Outbreaks of Disease, or grants from other Ministries.

On a calendar year basis, the Province's effective share of total expenditures was as follows:

TABLE 3
GROSS LOCAL HEALTH SPENDING AND PROVINCIAL SUPPORT

1973 to 1975 (CALENDAR YEARS)

<u>Year</u>	<u>Expenses of Units*</u> (<u>\$000</u>)	<u>Provincial Share*</u> (<u>\$000</u>)	(<u>%</u>)
1973	40,906**	23,560	57.6
1974	46,391**	26,494	57.1
1975 (est.)	60,162	35,398	58.8
1976 (est.)	63,705	38,130	59.9

* Does not include special programs, e.g. Home Care, etc. but includes Unorganized Territories Grants and Family Planning except where indicated otherwise.

** Family Planning was covered in general expenses until 1975 when separate funding started; such separate funding has been estimated at \$1.72 million in 1975 and \$2.15 million in 1976.

Supplementary programs

Apart from programs financed within the general support structure described above, there are three other programs administered by local health units, and all are funded entirely by the Province. They are Home Care, Venereal Diseases Control, and Family Planning. Home Care and V.D. Control are each described in separate sections of this Appendix. Family Planning is integrated with other health agency programs; its costs are designated as a proportion of the agency's total costs, and that amount is paid by the Province as part of its total contribution to each agency.

Non-Financial Assistance

In addition to financial assistance, the Province offers consulting services to health units and boards for all programs. The Ministry of Health provides area medical officers who oversee the general operation of local health agencies, and consultants who provide technical help with matters relating to public health inspection, public health engineering, veterinary public health services, communicable diseases, chronic diseases, epidemiology, and public health nursing.

Municipal Financing

Health units located in regional municipalities, with the exception of Metro Toronto, requisition the regional municipalities for their entire net costs. (In Metro Toronto local

health services are provided by the local board of health of each area municipality in Metro.) Where a health unit has jurisdiction in more than one county, or in a county which has a city or a separated town, the net costs of health units are allocated to the county, city, and separated town, on the basis of population. In the case of health units located in districts, costs are also allocated among municipalities in the districts on the basis of population.

The regions and counties, in turn, apportion health unit costs to their constituent municipalities on the basis of equalized assessment.

Besides its usual sources of tax revenue, a municipality may levy a special rate on the property of supporters of schools whose pupils receive medical and dental checkups from health units. Another source of local revenue for a health unit is the charges that it may make to users for the sewerage inspection services and related work it conducts on behalf of the Ministry of the Environment. In addition, it receives grants directly from MOE.

Cash Flow of Grants

Local health agencies submit annual budgets for the Ministry's approval, and each month they are paid about one-twelfth of the operating costs they have estimated for the year. At the end of the year adjustments are made to reflect actual expenditures.

Availability of Federal Funding

Federal assistance takes two forms. In one form, the Province receives a per capita subsidy for health services rendered to Indians by health units.

In the other form, the cost of the services which physicians provided in health units was shared by Ottawa on the basis of 50% of the national average per capita cost under the provisions of The Medical Care Act until March 31, 1977. As of April 1, 1977, the net Federal/Provincial cost sharing arrangements suggest that specific cost-sharing in the health sector be replaced by funding that will no longer be directly tied to the cost of health programs.

HOME CARE

Legislative Authority

Home care is an insured benefit under The Health Insurance Act, Statutes of Ontario, 1972, Chapter 91, as amended.

Description

Home care, as an alternative means of patient care, is intended to reduce hospital utilization and its attendant high costs. The use of home treatment services can, under the proper circumstances, shorten hospital stays and even deter unnecessary hospital admissions, by providing home care for people in situations where hospital care is not essential.

Principal services offered by home care consist of nursing, homemaking, meals-on-wheels, physiotherapy, provision of dressings and other medical supplies, rental of medical equipment, and drugs supplied under the Ontario Drug Benefit Plan; in addition, significant use is made of occupational therapy, social work, speech therapy, nutritional counselling, laboratory and diagnostic procedures, and transportation for patients requiring occasional special medical treatment away from home.

Home care is an insured benefit under the Ontario Health Insurance Plan (OHIP). To qualify for this benefit, an insured short-term (active treatment) patient must be in need of some health service that is not available through an out-patient clinic,

but which can adequately be provided through home care. Based upon an evaluation of the prospects for the patient's early rehabilitation and the patient's need for some professional home care service, (homemaking assistance is regarded as a support service rather than a professional one), a doctor may recommend home care for that patient; it is only through such a physician's referral that home care is made available. Furthermore, any recipient of home care continues to be under his attending physician's supervision.

Other considerations before home care can be granted relate to such factors as the status of health services in the area of the patient's residence, the suitability of the patient's home for purposes of home care, and his family's willingness to participate actively in the program. The latter requirement reflects the fact that home care is a "visiting" service, rather than a full-time shift service. There are no formal rules with regard to how long a patient may receive medically related services under home care, but homemaking services are limited to a maximum of 80 hours per illness. Studies are under way in three pilot programs to consider extending such services to chronic patients as well.

The type of home care described above and supported by the Ministry of Health is essentially a health care program with auxilliary social support services; in contrast, the Ministry of Community and Social Services administers a program of homemakers' and nurses' services with social support as the primary aim. This

latter program serves the elderly, the handicapped, the ill, and the convalescent, as well as households facing what may be described as family crisis situations. Because of the substantial elderly and chronic makeup of its clientele and the nature of its concern over the social costs of family problems, the Ministry of Community and Social Services program leans heavily towards providing homemaker services, which in 1975-76 accounted for ten times as many hours as its nursing services. A joint review is under way between the Ministry of Health and the Ministry of Community and Social Services for the purpose of realigning responsibilities, thereby providing greater efficiency in the delivery of services; one immediate consequence of this study would be an increased emphasis on meeting the needs of the elderly.

Eligibility

Home care programs may be established only with prior approval from the Ministry of Health in order to qualify for Provincial funding. The Ministry determines the guidelines defining patient eligibility, the conditions for service delivery, and the terms for approval of local program costs.

Background and Development

The home care program was introduced by the (then) Department of Health in 1958, in a pilot project in Toronto. At present there are 38 home care programs operating throughout Ontario. Thirty of these are operated by health units, four by the Victorian Order of Nurses (VON), three by active treatment

hospitals, and one by Metropolitan Home Care Incorporated. Each agency is responsible for the financial management and operation of its program, but the delivery of nursing services is provided mostly by VON, in return for a fee.

As might be expected, the program has grown considerably since its inception. By 1975-76 the level of home care services reached a total of 1,416,051 patient days, an increase of 28% over the patient days of the previous fiscal year. The program in 1975-76 cost an average of \$9.36 per patient day, and the average length of home care service was 29.4 days. Nursing services were used by 89% of the patients, drugs by 46%, dressings, etc. 40%, homemaking 27%, and physiotherapy 21%.

Provincial Support

The Province, through the Ministry of Health, pays the entire cost of the home care program. Those who provide home care submit for the Ministry's approval their estimates of operating costs for the year. The Ministry also provides non-financial help through physicians serving as principal program advisers and consultants in nursing and therapy programs.

Provincial assistance for home care has grown rapidly in the past few years, partly because the program itself has been expanded, and partly because more and more people have become aware of it. The following table shows the program's growth over the past four years:

TABLE 1
PROVINCIAL GRANTS FOR HOME CARE

<u>Fiscal Year</u>	<u>Grants</u> <u>(\$000)</u>	<u>Increase</u> <u>(%)</u>
1973-74	6,873	-
1974-75	10,348	50.6
1975-76	13,258	28.1
1976-77	17,402	31.3

Cash Flow of Grants

Once the budgets of individual home care units are approved for the year, the grants are paid as monthly advances, and adjustments are made at the end of the year to bring payments into line with the amounts actually spent.

Availability of Federal Funding

Until March 31, 1977 the federal government shared about 50% of a portion of home care costs under The Medical Care Act. As of April 1, 1977, specific cost-sharing in the health sector was replaced by transfers that were no longer tied to the cost of health programs.

OUTBREAKS OF DISEASES

Legislative Authority

This program operates under the authority of The Public Health Act, R.S.O. 1970, Chapter 377, as amended.

Description

This program seeks to prevent the outbreak of communicable diseases, and otherwise to contain such diseases upon detection.

The primary activities consist of providing technical assistance, medical supplies, and financial support for doctors and local health agencies involved with immunization. Vaccinations are administered routinely against measles, rubella, polio, diphtheria, whooping cough and tetanus, for school children and others most likely to need protection. Other vaccination measures such as the swine flu drive of 1976 are undertaken in response to unusual circumstances.

Of crucial importance to successful disease control is effective disease monitoring — a task assigned to the Epidemiology Service section¹ of the Ministry of Health. To keep an eye on actual and potential outbreaks, the section examines weekly reports containing statistical data submitted by local health boards

1. This section is distinct from the Outbreaks of Diseases Grant Program and has its own operating budget within the Ministry.

relating to cases of, and fatalities caused by, any communicable disease; it also maintains contact with other disease-reporting agencies, both here and abroad. When a disease breaks out close watch is kept on all reported as well as suspected cases. An example of the monitoring effort that may be required is provided by last year's lassa fever scare which prompted surveillance of 670 persons known to have had recent contact with the one suspected victim.

The tables accompanying this report provide some indication of Ontario's experiences with communicable diseases. Table 2 presents the number of cases of the various diseases reported by local health boards for the years 1965 to 1975; Table 3 relates these to provincial population to give some measure² of the reported frequency of each disease. Based on these statistics Ontario would appear to suffer most from chickenpox, influenza, mumps (against which vaccination started only in 1975), measles and rubella.

Since the success of a disease-prevention program obviously depends on having as many people as possible directly participating in inoculation programs, the Ministry of Health has ensured that no one will avoid immunization due to personal financial hardship. Anyone covered by the Ontario Health

2. Since not all occurrences of diseases are reported to health boards, this may not be the actual rate of disease incidence.

Insurance Plan (OHIP) can be immunized by a private practitioner for little or no charge; others can be immunized without charge at local health units.

Eligibility

Eligibility for aid under the Outbreaks of Diseases Program is defined in terms of necessity and suitability. Vaccines and biologicals are provided free of charge to private practitioners and local health agencies, so long as the need for such immunizing agents is evident and their use is medically warranted. The appropriateness of a given biological product for a particular set of circumstances is subject ultimately to the discretion of the attending physician, but this judgment is generally guided by standards drawn up by the Program.

Shareable Costs

Strictly speaking, there are no shareable costs in this program, since the only material support consists of vaccines and biological supplies³ that the Province provides at no charge to local health agencies and doctors. These materials, however, are not the only expenses associated with immunization; there are also local administrative and personnel costs. Although these costs cannot be readily quantified they are supported by the

3. At one time this program provided compensation to typhoid carriers for their forced withdrawal from certain kinds of jobs, such as food handling. This compensation now comes from welfare agencies.

Province's grants to local health agencies which range from 25% to 75% of a health unit's total expenditures. Municipalities pay the rest. (See details under Health Units.)

Provincial Support

The value of biologicals supplied by the Province under this program since 1973-74 is shown as in Table 1.

TABLE 1

VALUE OF BIOLOGICALS

<u>Fiscal Year</u>	<u>Cost of Supplies</u> (<u>\$000</u>)
1973-74	1,631
1974-75	2,820
1975-76	2,440
1976-77	6,803*

* Includes \$3.5 million for swine flu vaccine.

The dramatic increase in spending for 1976-77 demonstrates that this program, as well as handling routine vaccinations, is responsive to sudden and unusual threats to public health. Because of the varying support structure and the uncertain share of a health unit's costs that may be attributable to immunization and monitoring activities, it is difficult to determine the precise level of Provincial support for preventing

outbreaks of communicable diseases. Part of this support comes from OHIP, which pays for the services of doctors who are not salaried employees of health units.

The Program also offers non-financial assistance in the form of medical consultation services to doctors, both in and out of health units, regarding biological products, their safety, and their effectiveness in general as well as in specific situations.

Municipal Financing

The municipal portion of the cost of operating a local health unit is funded through local taxation.

Cash Flow of Grants

Vaccines and biologicals are provided on request to doctors and health units upon authorization of the Provincial program manager. His decision is based on evidence of need and proven effectiveness of the product requested. He also studies demographic statistics to ensure that the aid requested conforms to normal population requirements. Once the request is approved, the supplies are issued through the Government pharmacy and medical stores.

Availability of Federal Funding

The federal government does not make any continuing specific contribution to this program. When special circumstances

arise, however, federal authorities may offer technical advice and coordinate urgent measures, as evidenced during the nationwide immunization program against swine flu.

The federal government contributed to this program until March 31, 1977 by sharing the cost of physician's services paid for by OHIP under The Medical Care Act on the basis of 50% of the national average for capita cost. As of April 1, 1977, the new Federal/Provincial cost sharing arrangements suggest that specific cost sharing in the health sector be replaced by transfers that are no longer tied directly to the cost of health programs.

TABLE 2

COMMUNICABLE DISEASES REPORTED BY LOCAL BOARDS OF HEALTH FOR THE PROVINCE OF ONTARIO

Number of Cases - Calendar Years 1965 to 1975

Diseases	1976 (Jan-Mar)	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965
Actinomycosis	0	2	1	0	0	0	0	1	0	1	0	0
Anthrax	0	0	0	0	0	0	0	0	0	0	0	0
Chickenpox	3,342	14,319	20,090	12,139	10,642	8,353	7,432	10,286	12,801	15,272	15,208	13,941
Diphtheria	0	8	20	18	3	2	6	6	9	15	22	14
Dysentery - Amoebic	192	624	568	471	239	99	73	0	0	0	0	0
- Bacillary	40	365	486	363	316	248	324	772	378	444	640	546
Encephalitis	7	82	16	8	5	1	0	3	9	0	0	1
Erysipelas	0	6	11	10	18	10	6	11	17	23	18	12
German Measles	863	3,471	2,600	604	675	1,511	4,749	5,556	4,294	3,763	7,036	9,367
Gonorrhoea	3,767	16,185	15,614	13,604	13,476	8,801	8,397	6,310	4,191	3,461	3,208	2,459
Hansen's Disease	5	9	9	13	9	7	4	0	1	1	1	3
Influenza	3,442	9,272	5,118	4,935	4,862	8,295	15,065	7,362	3,882	1,379	3,327	3,122
Malaria	1	19	14	11	0	0	1	0	1	4	3	0
Measles	774	3,641	4,333	2,829	899	4,400	9,294	3,558	4,996	14,016	8,571	21,492
Meningococcal Infections	18	108	128	158	92	39	39	25	22	28	30	19
Mumps	1,019	5,430	12,526	10,456	3,035	3,194	14,183	10,219	5,620	20,108	14,754	6,033
Paratyphoid Fever	2	16	26	18	29	13	3	4	2	4	17	11
Polioomyelitis Paralytic	0	0	0	2	1	1	0	2	0	0	0	0
Psittacosis	0	0	0	0	0	0	1	2	3	0	0	0
Puerperal Septicaemia	0	0	0	0	1	0	0	1	0	0	0	1
Rabies	0	0	0	0	0	0	0	0	0	1	0	0
Salmonellosis	256	1,064	1,108	1,200	1,140	1,384	1,154	985	1,020	948	910	937
Scarlet Fever	588	1,944	3,448	2,437	1,200	1,229	1,426	1,856	1,951	2,890	4,219	3,162
Smallpox	0	0	0	0	0	0	0	0	0	0	0	0
Syphilis	510	1,911	2,162	2,059	1,611	777	971	778	797	1,029	718	920
Tetanus	0	1	3	2	1	5	2	0	3	5	1	0
Trichinosis	0	0	4	0	5	0	0	0	0	1	0	0
Tularemia	0	1	2	0	0	0	0	10	8	1	2	1
Typhoid Fever	10	81	64	42	40	30	7	8	6	24	23	26
Undulant Fever	0	9	3	0	1	3	1	2	4	1	1	3
Viral Hepatitis-Infectious	198	723	779	1,155	1,689	1,868	2,417	2,291	2,000	1,854	2,278	2,352
-Serum	80	257	111	215	287	38	N/R	N/R	N/R	N/R	N/R	N/R
-Unspecified	18	106	95	126	208	21	N/R	N/R	N/R	N/R	N/R	N/R
Whooping Cough	755	1,856	798	407	345	652	721	387	421	1,557	2,004	795

N/R: no record previous to October, 1971.

TABLE 3

NOTIFIABLE DISEASES - ONTARIO 1973 - 1975

Diseases	-----Reported Cases-----				Rate/100,000 Population			Mean Rate/100,000 Population	
	1975	1974	1973	1975	1974	1973	1975	1974	1973
Actinomycosis	2	1	-	0.0	0.0	0.0	0.0	0.0	0.0
Chickenpox	14,319	20,090	12,139	173.8	248.2	152.9	173.8	149.6	168.5
Diphtheria	8	20	18	0.1	0.5	0.2	0.1	0.1	0.2
Dysentery - Amoebic	624	568	471	7.6	7.0	5.9	7.6	3.7	1.9
- Bacillary	365	486	363	4.4	6.0	4.6	4.4	4.4	6.0
Encephalitis	82	16	8	1.0	0.2	0.1	1.0	0.1	0.1
Erysipelas	6	11	10	0.1	0.1	0.1	0.1	0.1	0.2
German Measles (Rubella)	3,471	2,600	604	42.1	32.1	7.6	42.1	25.9	53.6
Hansen's Disease	9	9	13	0.1	0.1	0.2	0.1	0.1	0.1
Influenza	9,272	5,118	4,935	112.6	63.2	62.2	112.6	97.6	76.6
Malaria	19	14	11	0.2	0.2	0.1	0.2	0.1	0.1
Measles	3,641	4,333	2,829	44.2	53.5	35.6	44.2	55.5	99.4
Meningococcal Infections	108	128	158	1.3	1.6	2.0	1.3	1.2	0.8
Mumps	5,430	12,526	10,456	65.9	154.8	131.7	65.9	110.7	133.7
Paratyphoid Fever	16	26	18	0.2	0.3	0.2	0.2	0.2	0.2
Polio myelitis Paralytic	-	-	2	0.0	0.0	0.0	0.0	0.0	0.0
Psittacosis	-	-	-	0.0	0.0	0.0	0.0	0.0	0.0
Puerperal Septicaemia	-	-	-	0.0	0.0	0.0	0.0	0.0	0.0
Rabies	-	-	-	0.0	0.0	0.0	0.0	0.0	0.0
Salmonellosis	1,064	1,108	1,200	12.9	13.7	15.1	12.9	15.3	14.4
Streptococcal Sore Throat & Scarlet Fever	1,944	3,448	2,437	23.6	42.6	30.7	23.6	24.8	31.8
Smallpox	-	-	-	0.0	0.0	0.0	0.0	0.0	0.0
Tetanus	1	3	2	0.0	0.0	0.0	0.0	0.0	0.0
Trichinosis	-	4	-	0.0	0.1	0.0	0.0	0.1	0.0
Tularemia	1	2	-	0.0	0.0	0.0	0.0	0.0	0.0
Typhoid Fever	81	64	42	1.0	0.8	0.5	1.0	0.5	0.4
Undulant Fever	9	3	-	0.1	0.0	0.0	0.1	0.0	0.0
Viral Hepatitis-Infectious Hep. "A"	723	779	1,155	8.8	9.6	14.6	8.8	20.2	25.0
-Serum Hep. "B"	257	111	215	3.1	1.4	2.7	3.1	2.1*	**
-Unspecified	106	95	126	1.3	1.2	1.6	1.3	1.4*	**
Whooping Cough	1,856	798	407	22.5	9.9	5.1	22.5	7.5	10.8

SOURCE: Ontario Ministry of Health, Community Health Protection Branch, Epidemiology Service.

* Based on years 1971-1974 inclusive.

** Not applicable since reporting commenced in 1971.

VENEREAL DISEASES CONTROL

Legislative Authority

This program operates under the provisions of The Venereal Diseases Prevention Act, R.S.O. 1970, Chapter 479, as amended.

Description

The Province's support of V.D. clinics is largely financial. It is a commitment that has taken on new urgency in recent years with the sharp increase in reported cases of V.D., especially since the actual number of cases is generally thought to be two to five times as numerous as those actually reported. As this table shows, the number of reported cases doubled during the first half of this decade:

TABLE 1

INCIDENCE OF VENEREAL DISEASES

<u>Year</u>	<u>Cases Reported</u>
1970	9,368
1971	9,578
1972	15,087
1973	15,653
1974	17,776
1975	18,859

Ontario has 30 V.D. clinics throughout the province—16 in health units and 14 in hospitals. The Ministry prefers to have the clinics based in hospitals, where they can make the best use of equipment and other resources, but circumstances sometimes dictate otherwise. For instance, a health unit might be a better location because it is more accessible than the nearest hospital, and therefore more people will use it. All 30 clinics provide free services to everyone, regardless of whether or not they are registered in the Ontario Health Insurance Plan (OHIP). This policy is intended to encourage the use of V.D. facilities, leading to early detection and better treatment of cases.

Background and Development

Until 1970 the Ministry of Health subsidized V.D. clinics through direct grants based on an inversely sliding scale; that is, as the number of visits to a clinic increased, the per capita aid decreased. This system, however, was found to be an inadequate way of financing physicians' services and other operating expenses.

In August, 1970 the Ministry, the Ontario Hospital Services Commission, and the federal Department of National Health and Welfare, established a new formula through which certain costs would be determined. For example, hospital-based clinics were to be treated like any other hospital out-patient service, with physicians generally working on a fee-for-service basis.

Eligibility

A local board of health, a health unit, or a hospital may establish a V.D. clinic by appointing (with the Ministry's approval) a physician who will be responsible for the examination, treatment, supervision, and aftercare of patients, and by providing an adequate staff of physicians and nurses to operate the clinic. To be eligible for Provincial aid a V.D. clinic must meet three requirements: it must maintain services necessary for the proper detection and treatment of V.D.; it must provide these services at no charge to patients; and, it must permit the Ministry of Health to inspect its records, equipment, administration and treatment methods at any time.

Provincial Support

Provincial support to hospital-based V.D. clinics is provided on a different basis from that of health unit clinics. The budget of a hospital-based V.D. clinic is included as part of the overall hospital operating budget on which the general hospital grants are paid. However, for federal-Provincial cost-sharing purposes, the amount of \$7.60¹ per patient visit was deemed to be the Provincial subsidy until March 31, 1977. As indicated in the sections on Health Units and Outbreaks of Diseases Programs, the new Federal-Provincial arrangements provide for funding not directly tied to costs.

-
1. The rate of \$7.60 per patient visit was set primarily for bookkeeping purposes, since it was necessary to isolate out-patient costs from in-patient costs when determining the federal share of costs under The Hospital Insurance and Diagnostic Services Act.

The Province pays \$7.50 to a health unit V.D. clinic, for each reported visit. This rate does not necessarily represent the actual cost of service provided. If the average cost per visit were to exceed this amount the greater portion of this excess would still be borne by the Province, which subsidizes the operating cost of health units up to 75%.

For 1975-76, OHIP paid \$104,645 to physicians in health-unit-based V.D. clinics and \$237,354 to those in hospital V.D. clinics, for a total of \$341,999. (See table below.)

Payments for laboratory services also come from OHIP and are based on set fees for each test performed. All drugs for the treatment of V.D. are paid for by the Province, either by supplying the drugs or by reimbursing clinics for drugs they obtain elsewhere.

TABLE 2

DISTRIBUTION OF PROVINCIAL GRANTS TO V.D. CLINICS IN FISCAL 1975-76

	<u>Health Unit V.D. Clinics</u> (<u>\$</u>)	<u>Hospital V.D. Clinics</u> (<u>\$</u>)	<u>Total</u> (<u>\$</u>)
Professional Services (OHIP)	104,645	237,354	341,999
Laboratory Services (OHIP)	<u>16,307</u>	<u>*(a)</u>	<u>16,307</u>
OHIP Sub-Total	120,952	237,354	358,306
Maintenance Grants (V.D.)	120,455	*(b)	120,455
Subsidized Drugs (V.D.)	<u>20,369**</u>	<u>16,684**</u>	<u>37,053**</u>
V.D. Sub-Total	140,824	16,684	157,508
TOTAL V.D. Clinics	<u>261,776</u>	<u>254,038</u>	<u>515,814</u>

* Not known, i.e. not separately reported but included in either (a) each hospital's summary lab billings to OHIP, or (b) its collective budget.

** Includes drugs supplied through Government pharmacy.

V.D.-related services such as lab work, hospital stays, and treatment by family physicians cost an estimated \$12.4 million in 1974.

Non-Financial Assistance

Apart from financial help, the Ministry of Health provides V.D. clinics with many resources, including program direction and consultation, dissemination of educational material on V.D. control and treatment, and maintenance of a central registry on V.D. cases. This registry, maintained for diagnostic reference, is kept strictly confidential.

Municipal Financing

Generally, it can be stated that the Province covers 100% of V.D. clinic costs; however, as noted previously, if the average cost per visit were to exceed the \$7.50 per visit grant, the municipality would share a small portion of the cost included in the health unit's general expenditure.

Cash Flow of Grants

Claims for payment are submitted by the medical staff of the V.D. clinic to the V.D. control section of the Ministry of Health. These claims originate on day sheets which detail each case, and from these a monthly summary is prepared. The summaries list the totals of each service performed—complete physical examinations, partial assessments, lab tests, intramuscular injections, and so on. Health-unit-based clinics are then paid a maintenance grant of \$7.50 for each visit recorded. (Hospital-

based clinics, as noted above, are funded from the out-patient portion of the hospital's operating budget.)

OHIP payments to physicians are based on the head counts contained in these summary sheets and are channelled through the V.D. control section to the clinic directors for distribution to physicians.

Availability of Federal Funding

No federal funds are allocated specifically for V.D. control, but as in other clinical work, the costs of physician services paid by OHIP were shared by Ottawa under The Medical Care Act until March 31, 1977. The federal contributions under The Hospital Insurance and Diagnostic Services Act were calculated on the basis of 25% of the Provincial per capita cost and 25% of the national average per capita cost.

MINISTRY OF HOUSING

COMMUNITY PLANNING STUDY GRANTS PROGRAM

Legislative Authority

This program is operated under authority of The Ministry of Housing Act, Statutes of Ontario 1973, Section 7 (d), as amended.

Description

Community planning study grants are available to municipalities with populations of 10,000 or less to assist in the following activities:

- preparing or updating official plans and zoning by-laws;
- preparing secondary plans if required;
- implementing planning programs which encompass unorganized territory;
- undertaking special planning studies considered necessary for local planning programs.

Background and Development

Since the mid-1950's, the Province has encouraged municipalities to develop, adopt, and maintain official land use plans. To a large extent, small municipalities either did not feel the need to develop official plans or could not afford to finance an official plan process. For those areas which did undertake an official plan program, either individually or on a multi-municipal planning board basis, an ad hoc planning grant was available in support of both feasibility studies and the ultimate development of plans. The grant was non-restrictive in terms of size of municipality and provided a maximum of 50% of planning costs.

With a rather limited budget of roughly \$200,000 annually, large municipalities generally tended to consume a significant portion of the available funds.

By the early 1970's, most large municipalities had adopted official plans, while the amount of planning activity in small municipalities was not showing any signs of accelerating. Accordingly, the ad hoc program was terminated in 1975 and replaced by the Community Planning Study Grants Program in order to focus attention and available funding on the smaller municipalities which require assistance towards developing or updating official plans.

The new program also placed significant priority on the North to ensure that the needs of emerging unorganized communities were taken into account by local planning boards. This was accomplished by a broadening of the territory over which boards were to assume planning responsibility.

Provincial Support

The Province provides between 50% and 75% of the total cost of the planning study, depending on the nature of the undertaking and the financial position of the municipality. The total grants to all recipients have approximated 65% of local spending.

Priority for assistance is given to official plan preparation and the development of zoning by-laws that are intended to replace existing Ministerial orders.* In addition, plans which incorporate

* Where an official plan exists but has not been implemented by passage of zoning by-laws, the Minister may institute his own zoning order to prevent development of land which is not consistent with the official plan. If an official plan has not been adopted, the Minister's order also functions as a zoning by-law, referring particularly to what the Minister feels to be desirable land use, pending completion of an official plan.

municipally unorganized areas qualify for 75% Provincial support of the costs attributable to the unorganized area portion. Once an estimate of total costs is known, and the sharing of those costs is determined if several municipalities are participating, an opinion is sought from the Ministry of Treasury, Economics, and Intergovernmental Affairs as to the fiscal capability of the municipality or participating municipalities to finance the costs. If, for example, a municipality or group of municipalities are characterized by a less advantaged tax base, the ultimate rate of Provincial support is increased to reduce the overall cost.

TOTAL GRANTS TOWARDS COMMUNITY PLANNING STUDIES

(\$,000)

	<u>1974-75</u>	<u>1975-76</u>	<u>1976-77</u>	<u>Estimated 1977-78</u>
Total Grants	167	750	1,400	1,600

Municipal Financing

Municipalities finance net expenditures for planning from their general operating revenues. If a planning board undertakes the work, the net expenditures are apportioned among the participating municipalities on a population basis.

In cases involving unorganized territory, Provincial support is generally based on an amount of expenditure attributable to these areas as derived by applying to total study costs the proportion of population in the unorganized territory relative to

the total population in the study area. The remaining 25% of these costs are the responsibility of the agency performing the work.

Cash Flow of Grants

The grant may be paid in two or three instalments. Generally, however, 50% is paid at the outset of the study and the balance is forwarded upon completion.

Availability of Federal Funding

Federal funding is not available for this program.

Legislative Authority

Grants are made to municipalities for housing studies under provisions of The Housing Development Act, RSO, 1970, Section 3 (a), as amended.

Description

These grants promote the preparation of municipal statements on housing policy and needs. The studies aid municipalities in analyzing the quantity and type of housing units that might be provided in their respective jurisdictions at affordable prices. The data collected in the preparation of the studies also provides the Province with information pertaining to the volume of current and potential housing stock in most major urban areas of Ontario.

Background and Development

When the price of housing began to escalate rapidly in late 1973 in numerous major urban areas, it became clear that an all-out effort was required from all levels of government to attack what, in part, appeared to be a problem of supply. In conjunction with the Ontario Housing Action Program* and the Ontario Home Renewal Program, the Province embarked on the Housing Policy Studies Program in mid-1974 to ascertain, on a current and detailed basis, the precise scope for new housing over the immediate as well as longer term.

* The Ontario Housing Action Program, which terminated at the end of the 1976-77 fiscal year, provided grants to selected high-growth municipalities as an incentive to accelerate the supply of housing units. The amount of grant per unit brought on stream was higher for those units geared to low and moderate income families. For a description of the Ontario Home Renewal Program, see separate account in this Appendix.

Municipalities were clearly the agencies best-suited to provide the necessary data. In addition, the Province considered it essential that at least the fast-growing municipalities establish clear policies on future housing supply.

Eligibility

A municipality must agree to undertake an analysis of its housing situation prior to developing land for residential use. The statement should set targets for new housing, including the mix of types as well as the quantity. Generally, the program is geared heavily towards regional municipalities. The program also applies to non-regional municipalities, although the Province encourages municipalities forming one urban area to participate together in a joint policy study.

Provincial Support

The Province pays the full cost of a study, subject to a maximum for each class or size of municipality:

	<u>Maximum grant</u>
Regional municipalities	\$30,000
Urban centres of more than 100,000 population	20,000
Urban centres of 50,000 to 100,000	15,000
Urban centres of 30,000 to 50,000	10,000
Urban centres of 10,000 to 30,000	7,500
Urban centres of less than 10,000	5,000

Since the program began, 57 municipalities have taken part and received nearly \$500,000 in Provincial assistance. Another \$160,000, representing the balance of the Province's commitments to date, will be paid in 1977-78. Figures in the following table show payments and commitments, incorporating cash-flow carryover between year.

TABLE 1

Municipal Housing Policy Studies:

Number of Participating Municipalities and

Total Provincial Grants, 1974-75 to 1976-77

	<u>No. of Municipalities</u>	<u>Total Grants Paid</u> (\$)	<u>Total Commitments</u> (\$)
1974-75	27	197,800	358,900
1975-76	16	203,122	172,750
1976-77 (Est.)	14	99,028	131,900
	<hr/>	<hr/>	<hr/>
TOTAL (approx.)	57	500,000	663,550

Cash Flow

A municipality may receive an advance payment of 25 per cent of the estimated total grant. An additional payment, equal to another 50 per cent, is available when substantial work on the study has been completed. The final 25 per cent is payable on completion of the study.

Federal Funding

Federal funding is not available for these studies.

NEIGHBOURHOOD IMPROVEMENT PROGRAM

Legislative Authority

Provincial participation in this program is authorized under The Planning Act, R.S.O. 1970, Chapter 349, Section 24, as amended.

Description

The Neighbourhood Improvement Program (NIP) is a combined federal, provincial and municipal venture to upgrade deteriorating yet viable residential * neighbourhoods which are occupied primarily by low and moderate income families. Initiated in late 1973, NIP is a replacement of the Urban Renewal Program under which the federal government ceased accepting any new applications for assistance after 1968.

NIP is operated on the basis of an annual agreement between the Central Mortgage and Housing Corporation and the Province. This agreement provides for a federal contribution to Ontario for allocation among area municipalities selected by the Province, in consultation with the Municipal Liaison Committee, and subsequently approved by C.M.H.C. The annual agreement also provides the manner in which applications by municipalities are to be made, sets out criteria for neighbourhood eligibility, and indicates the manner in which the federal certificate of eligibility is to be issued.

* "Residential" is defined in terms of total land in the NIP area wherein more than 50 per cent of the existing built-up gross land uses are residential, and unserviced vacant land constitutes less than 20 per cent of gross land uses.

A project normally undergoes the three stages of neighbourhood selection, neighbourhood planning, and implementation. The first two segments have a benchmark time span of six months each, although there is no rigid requirement for adherence in timing. Implementation has a guideline of three years.

Eligibility

To qualify for assistance, a municipality must meet the following criteria:

- have a neighbourhood or neighbourhoods which meet the neighbourhood eligibility criteria — where more than one area is eligible, priority must be given to the most needy;
- have an official plan in order to be able to designate the area as a redevelopment area pursuant to Section 22 (2) of The Planning Act;
- have or agree to develop a property maintenance by-law and commit itself to effectively administer it in the future. (Section 36 of The Planning Act);
- have the financial and administrative capability to undertake the Neighbourhood Improvement Program;
- agree to involve the residents of the neighbourhood in determining the goals and priorities for the improvement of their neighbourhood.

In determining the eligibility of a neighbourhood, several elements are taken into account, including:

- the area should be predominantly residential, but may contain some non-residential uses such as schools, churches, local stores, and small business establishments;
- a significant portion (minimum 25%) of the housing stock must be in need of rehabilitation;
- the non-residential physical environment is in need of rehabilitation (including roads, sidewalks, street lighting, and water and sewer systems);
- existing neighbourhood amenities (playgrounds, community centres) are deficient;
- the neighbourhood must be largely populated by people with low or moderate incomes*;
- the neighbourhood is potentially stable in terms of land uses and densities.

Provincial Support

The Province provides 25% towards all eligible cost of:

- a) selecting the neighbourhood.
- b) developing a neighbourhood plan.
- c) acquiring or clearing land for the purpose of providing open space or community facilities in the designated neighbourhood.

* The average household income of the NIP area must be less than the average household income for the municipality. Where the NIP area occupies a significant portion of a small municipality, the average household income within the area must be less than the average Provincial household income.

- d) acquiring or clearing land to be used for medium and low density housing for individuals or families of low and moderate income where:
 - i) the property consists of residential buildings that are beyond the stage of economic rehabilitation and will be cleared; or,
 - ii) the existing land use is inconsistent with the general character of the area; or,
 - iii) the property is adjacent to (i) or (ii) and is required to assemble a suitable site for the planned re-use of the land.
- e) the capital cost of construction or acquiring and improving social and recreation facilities within the designated neighbourhood such as playgrounds, parks, equipment and landscaping for parks and playgrounds, community centres, wading pools, swimming pools, clinics and libraries. Operating costs for these facilities are not eligible for funding. Oversized facilities must be pro-rated to determine the eligible cost.
- f) developing property maintenance and occupancy standards that will apply to the neighbourhood. (Actual costs of enforcement are not eligible).
- g) relocation expenses and compensation related to the relocation of individuals or families dispossessed of

housing accommodation as a result of the implementation of the project.

- h) administrative and information costs of the program, including the costs of employing persons for the implementation of the project, as well as publicity, information and general administrative costs.
- i) improving municipal and public utility services - this may include sanitary and storm sewer systems, water distribution systems, roads, paving, culverts, curbs, gutters, sidewalks, street lights, street name signs, termite and rodent control, landscaping of street boulevards, and the cost of acquiring land for roads.

The cost of installing hydro, gas and telephone distribution systems is usually borne by the rate structure of the utility company involved. However, where there is cost of installation or compensation for abandonment of utilities to the municipality, such cost would be eligible for a contribution. The costs of services provided on a scale that is greater than required for the neighbourhood must be pro-rated.

- j) acquiring or clearing land that may not be used for public open space or community facilities or for medium and low density housing for low and moderate income people and where the land use is not consist-

ent with the general character of the neighbourhood, if the land is subsequently re-sold at a loss. If the land is re-sold at a profit, there is no subsidization.

Table 1 shows the federal and Provincial allocations of funds under NIP since the 1974-75 fiscal year.

TABLE 1

NEIGHBOURHOOD IMPROVEMENT PROGRAM

PROJECTED DISTRIBUTION OF FUNDS, 1974-75 TO 1976-77

(\$,000)

<u>Number of Municipalities</u>	<u>Number of Projects</u>	<u>Federal Allocation</u>	<u>Provincial Allocation</u>	<u>Municipal Share</u>
1974-75 - 35	45	17,000	8,500	8,500
1975-76 - 33 *	35	15,000	7,500	7,500
1976-77 - 26 **	34	15,348	7,674	7,674
1977-78 - 38	39	17,200	8,600	8,600

* Includes 10 municipalities which did not participate in 1974-75.

** Includes 9 municipalities as new participants.

Any project may take as much as four years to complete. Accordingly, actual payments for the Province, detailed in Table 2, will not be identical to the allocation of funds.

TABLE 2

NEIGHBOURHOOD IMPROVEMENT PROGRAM
PROVINCIAL EXPENDITURES 1974-75 TO 1977-78

(\$,000)			
<u>1974-75</u>	<u>1975-76</u>	<u>1976-77</u>	<u>Estimated 1977-78</u>
161	929	3,823	8,000

The distribution of allocated funds is 50% federal, 25% Provincial, and 25% municipal largely on the assumption that the bulk of spending would be on items eligible for 50% federal assistance. Expenditure performance over the first three years, however, indicates greater than anticipated spending on items qualifying for only 25% federal support. (See the Federal Funding section for the distinction between 50% and 25% Federal Funding.)

TABLE 3

NEIGHBOURHOOD IMPROVEMENT PROGRAM
DISTRIBUTION OF PROJECT COSTS

	<u>Federal</u>	<u>Provincial</u>	<u>Municipal</u>
Allocation Basis	50%	25%	25%
Actual Spending	37%	25%	38%

Municipal Financing of Projects

For area selection and planning, and acquiring land for housing and neighbourhood amenities (see items a to i under "Provincial Support"), municipalities assume 25% of the costs, with contributions of 25% from the Province and 50% from the federal government. Towards the cost of infrastructure or the acquisition of land to be used for residential or community purposes within the N.I.P. area (see item j under "Provincial Support"), the municipal and federal shares are reversed.

Municipalities use either current funds or debentures to finance their shares of N.I.P. project costs, the choice determined in most instances by the magnitude of required expenditure. Some costs may be recovered through the subsequent disposal of land acquired for a project.

Cash Flow of Grants

To provide working capital to a municipality for NIP purposes, the Province and CMHC make accountable advances in relation to their respective contributions. There are no advances in respect of loans. Accountable advances are made as follows:

- for neighbourhood selection the federal contribution may not exceed 2% of the federal allocation to the specific municipality, with a minimum Provincial payment of one-half the federal advance;

- for neighbourhood planning, the federal government may advance up to 8% of the federal allocation, again with a minimum Provincial payment of 50% of the federal advance;
- for implementation, up to the municipality's anticipated program expenditures for a two month period but in no event exceeding 20% of the total federal contribution allocated to the neighbourhood by the municipality. As progress claims are submitted, the accountable advance can be adjusted to the authorized level until 90% of the federal and Provincial contributions has been disbursed (progress payments plus outstanding accountable advances).
- Progress payment claims are submitted at least quarterly to the Ministry of Housing, which, in turn, forwards them to the local CMHC branch manager for payment of the federal share. The claim is supported by attachments providing the following details:
 - i) date of expenditure
 - ii) nature of expenditure
 - iii) amount of expenditure
 - iv) recipient (name of the person or firm to whom the disbursement was made)
 - v) address of property where applicable

- vi) property acquisition:
 - a) approximate land area
 - b) existing land use
 - c) no. of households displaced
 - d) no. of persons displaced
 - e) no. of persons to be rehoused
 - f) intended land re-use, e.g. residential,
social facilities, parks, etc.
- vii) progress report: municipalities are required to provide up-dated neighbourhood improvement plans and budgets every six months until implementation is complete.

Availability of Federal Funding

Federal assistance, through Central Mortgage and Housing Corporation, is available under authority of The National Housing Act. C.M.H.C. may provide up to 50% of the costs for area selection and planning, land acquisition or clearance for either social or recreational facilities or for low to moderate income residential units, developing and enforcing building maintenance standards, relocating individuals dispossessed from their homes due to implementation of the project, and local administration. Federal funding is available at 25% of the costs involved in either improving municipal and public utility services, or acquiring land in the neighbourhood which would not be used for social or recreational facilities, or subsidizing low to moderate income housing. In addition,

C.M.H.C. provides 50% assistance towards the administrative costs of loans from a municipality to commercial enterprises for purposes of physical improvements. For the actual loans, the municipality registers a lien on the property and acts as banker by issuing a debenture to C.M.H.C. for the loan funds.

C.M.H.C. may also provide 25 year loans for up to 75% of a municipality's share of project costs net of any federal contributions.

ONTARIO HOME RENEWAL PROGRAM (OWNERSHIP)

Legislative Authority

Grants toward home renewal are authorized under The Housing Development Act, R.S.O. 1970, Chapter 213, as amended.

Description

The Province provides per capita grants to municipalities which, in turn, allocate these funds in the form of forgivable loans to those whose adjusted family incomes are below \$12,500. The loans are to be used for the repair of existing housing by improving sub-standard structural and sanitary conditions or upgrading plumbing, heating, and electrical systems.

Adjusted family income is the aggregate gross annual income from all sources of the principal wage-earner and spouse, reduced by the following deductions:

- the first \$1,000 of the spouse's income;
- \$300 for each dependent child;
- the first \$1,000 of income of a one-parent family;
- in the case of self-employed persons, the expenses which are incurred in the earning of income in which are permitted as deductible expenses under The Income Tax Act.

The maximum loan available to an owner-occupant is \$7,500, but the average of all loans approved to date is just under \$3,500. Depending on the level of family income, part of the loan is forgiven and the repayable balance carries an interest rate which is also related to level of family income, with an

8 per cent maximum. While the granting of forgiveness on loans is at the discretion of the municipality, the rate of interest charged to the homeowner on the net repayable loan is established by Regulation. Repaid loan funds accrue to the municipality and are re-allocated as loans to new eligible applicants. The repayment of loans is scheduled in most existing cases to cover a ten-year period. However, in some instances, particularly where the debt level of the individual is already high before his net liability for O.H.R.P. funding is determined, the municipality can choose to adopt a repayment period closer in length to the maximum 20 years allowed in the Regulation.

Table 1 provides the scale of maximum forgiveness on a loan relative to ranges of adjusted family income.

TABLE 1
MAXIMUM LOAN FORGIVENESS BY RANGE
OF ADJUSTED FAMILY INCOME

<u>Adjusted Family Income</u>	<u>Maximum Loan Forgiveness</u>
($\$$)	($\$$)
up to 6,000	4,000
6,000 to 6,999	4,000
7,000 to 7,999	3,200
8,000 to 8,999	2,400
9,000 to 9,999	1,600
10,000 to 10,999	800
11,000 to 12,500	0

The precise amount of forgiveness is the maximum \$4,000 less \$1.00 for each \$1.25 of the homeowner's income in excess of \$6,000. By way of example, for a homeowner with an adjusted family income of \$7,400, the forgivable portion of a loan would be:

Adjusted family income	\$7,400
less	<u>6,000</u>
Income in excess of \$6,000	\$1,400
Reduction in forgiveness ($\$1,400 \div \1.25)	1,120
Maximum forgiveness	4,000
Reduction in forgiveness	<u>-1,120</u>
Eligible forgiveness	\$2,880

Since the inception of the program, approximately 58 per cent of the total value of loans provided by all participating municipalities has been forgiven.

For the net loan repayable, the applicable rate of interest relative to the homeowner's income appears in Table 2.

TABLE 2

RATE OF INTEREST ATTACHED TO NET LOANS

BY RANGE OF ADJUSTED FAMILY INCOME

<u>Adjusted Family Income</u> ($\$$)	<u>Rate of Interest on Repayable Loan</u> (%)
3,000 and under	NIL
3,001 to 4,000	1
4,001 to 5,000	2
5,001 to 6,000	4
6,001 to 8,000	6
8,001 and over	8

Loans are also available on the same basis as above to homeowners in unorganized areas. In such cases, the program is administered by the Ministry of Natural Resources.

Background and Development

The program commenced in 1974 as a means of upgrading existing housing stock through financial assistance to individuals who otherwise could not afford to undertake necessary improvements. In addition, this program is complementary to new-housing policies and programs within the Ministry as an overall approach to improving the residential accommodation situation across Ontario. Since its inception, O.H.R.P. will have provided almost \$60 million to more than 300 municipali-

ities by the end of the 1977-78 fiscal year. Table 3 provides a breakdown of the transfers to the municipalities since the inception of the program in 1974.

TABLE 3

TOTAL FUNDS COMMITTED, TOTAL GRANTS PAID, AND
CLIENTELE, 1974-75 TO 1977-78

	<u>Funds</u>	<u>Grants</u> <u>Paid</u>	<u>Number of</u> <u>Recipients</u>
	(\$,000)	(\$,000)	
1974-75			
Municipalities	11,693	10,158	133
In Unorganized Territory	-	-	-
1975-76			
Municipalities	18,830	15,212	330
In Unorganized Territory	998	781	212
1976-77			
Municipalities	20,116	18,055	349
In Unorganized Territory	1,454	1,441	288
1977-78 (est.)			
Municipalities	28,667	16,252	327
In Unorganized Territory	1,194	916	175

Generally, municipalities which do not qualify for assistance under the Neighbourhood Improvement Program (N.I.P.) are eligible for O.H.R.P. funds. However, it is possible for a municipality already participating in N.I.P. to receive Ontario Home Renewal Program funds if assistance under the former program is available for only part of the municipality. In such cases, O.H.R.P. funds used in the areas qualifying under N.I.P. can not exceed 25 per cent of the total O.H.R.P. grant to the municipality. To receive the funds from the Ontario Home Renewal Program, a municipality must adopt, or have already adopted, standards for housing maintenance, and must undertake inspection of all units for which loan applications are submitted. In addition, the municipality is responsible for searching title to the property, registering a lien on the title, and administering the loan account.

Grants are calculated on the basis of the populations of lower-tier municipalities, but funds are channelled through regional municipalities where in existence. Where regional municipalities do not exist or choose not to assume responsibility for administering the program, the Ministry deals directly with the lower-tier municipalities.

Provincial Support

To the end of 1976, municipalities applying for assistance received a per capita grant at a rate which was dependent upon

the population range indicated in Table 4. In addition, municipalities could retain a portion of the total grant, again depending on size of population, to defray administrative expenses.

TABLE 4
RANGE OF PROVINCIAL RATES OF SUPPORT
PRIOR TO 1977

<u>Population</u>	<u>Per Capita Rate</u> (<u>\$</u>)	<u>Amount of Grant</u> <u>Retained for Administration</u> (<u>%</u>)
less than 10,000	\$4.00	10
(minimum grant is \$4,000)		
10,000 to 99,999	3.00	8
100,000 and above	2.00	6

Except where the applicant is a regional municipality, the Minister of Housing provided an additional grant of \$25,000 to those municipalities with populations under 10,000.

In response to municipal concerns pertaining to the dramatic difference in support levels at the points of division in the population scale, the Province adopted a revised scale and range of support rates for implementation in 1977. While the new schedule, set out in Table 5, provides much less abrupt divisions, it also significantly enriches the rate of assistance for all municipalities below 150,000 population. The enrichment is of greater significance at the lower population

levels, but with a limitation on funds available to municipalities under 10,000 in population to prevent the formula from being overly generous yet still allow a reasonable number of loans. Furthermore, the increase in support levels eliminated the need for the \$25,000 additional grant for small municipalities.

TABLE 5

RANGE OF PROVINCIAL RATES OF SUPPORT

EFFECTIVE JANUARY 1, 1977

Population

Under 500	3.18% of population times \$3,450, or \$29,000, whichever is less.
500 to 9,999	population times \$4.21 + \$52,895
10,000 to 99,999	population times \$2.27 + \$72,223
100,000 to 149,999	\$300,000 flat rate
150,000 and over	population times \$2.00

The 1977 revised support scheme retained the former provisions for administrative expenses. At the same time, however, the new Regulation made it possible for the Minister, upon request from a municipality, to allow postponement of repayment or complete forgiveness of a loan if, in his opinion, repayment would constitute a hardship to an owner-occupant.

Cash Flow of Grants

Generally, municipalities qualifying for less than \$50,000 in total grant receive the total payment in April or May. Where total grants exceed \$50,000, payments are made in instalments of \$50,000 commencing in April or May and repeated when the previous instalment has been fully allocated to eligible homeowners. If the aggregate program budget is exhausted before all municipalities have received their full entitlements, the unpaid portions become part of the following year's program budget.

Availability of Federal Funding

Federal funding is not available towards this program.

ONTARIO HOME RENEWAL PROGRAM (RENTAL)

Legislative Authority

The authority for this program is The Housing Development Act, R.S.O. 1970, Chapter 213, as amended.

Description

Initiated in October of 1976, this program is an extension of the Ontario Home Renewal Program into rental accommodation. It is designed to assist landlords improve substandard rental premises occupied primarily by tenants with low and moderate incomes. Priority for assistance is given to improving faulty structural and sanitary conditions as well as the upgrading of plumbing, heating and electrical systems.

Similar to the provisions of the OHRP ownership program, the rental program provides grant funds to municipalities for subsequent lending to individuals on a partially forgivable basis.

Eligibility

Funds are available for buildings of four storeys or less and for the conversion of existing single-family dwellings to family rental accommodation. Financial assistance is also provided for the rehabilitation of family rental units already existing in commercial premises, and for the conversion of existing commercial premises to residential rental units.

Approval of funds to municipalities is contingent upon municipal administration of a property maintenance and occupancy

standards by-law. In addition, any landlord participating in the program must enter into a rent control agreement before receiving the loan to repair the property.

Provincial Support

Distribution of available funds is currently on the basis of need, as demonstrated by potential qualifying projects, to a maximum annual grant of \$250,000 per municipality. More formal criteria may be developed once the program has been in operation for a full year.

The total amount of funds provided to municipalities in 1976-77 was \$2 million, and a similar amount has been budgeted for 1977-78. Total eligible project costs are covered by the grant, including an allowance for municipal administration expenses on the same basis as stipulated under the OHRP ownership plan.

Municipal Financing

The program is administered by the participating municipality. Partially forgivable loans to cover the costs of rehabilitation or conversion are made available to landlords once the municipality has determined that the building is predominantly occupied by families with low or moderate incomes, providing the applicant meets other program criteria noted earlier.

Assistance is in the form of loans to landlords at 8 per cent interest. Loans cannot exceed \$10,000 per family unit and the maximum forgiveness is 37.5% of total loan value. Recovered loans accrue to the municipality for subsequent re-allocation to new eligible applicants. The forgivable portion and annual extent of forgiveness is directly related to the cost of rehabilitation as set out below:

<u>Cost of repair, rehabilitation, conversion or improvement</u>	<u>Maximum Total amount of forgiveness (1)</u>	<u>Maximum annual amount of forgiveness</u>
\$0-\$ 5,000	\$2,500	\$250
\$5,001-\$ 6,000	\$2,750	\$275
\$6,001-\$ 7,000	\$3,000	\$300
\$7,001-\$ 8,000	\$3,250	\$325
\$8,001-\$ 9,000	\$3,500	\$350
\$9,001-\$10,000	\$3,750	\$375

(1) The actual cost of the alteration is the amount of forgiveness if it is less than the amount shown in this column.

Repayment of net loans commences upon completion of the work, with instalments paid on a monthly basis. The maximum repayment period is 20 years.

Cash Flow of Grants

Funds are distributed to municipalities in instalments of \$50,000 depending on the timing of disbursements to individual landlords.

Availability of Federal Funding

There is no federal participation in this program.

MINISTRY OF NATURAL RESOURCES

ACCESS ROADS TO PROVINCIAL PARKS

Legislative Authority

The legislative authority for the grant is Section 8 of The Provincial Parks Act, 1970, R.S.O. 1970, Chapter 371.

Background and Development

This program was developed in 1957 to assist in the construction, re-construction and/or maintenance of a road which provides access to a Provincial park.

The establishment of many Provincial parks in the 1950's generated complaints from those municipalities which had roads that were being utilized as access to Provincial parks. These roads, usually constructed for a minimal amount of traffic, were being subjected to excessive usage and wear from the vehicular traffic of non-area residents using Provincial park facilities. The substantial upgrading required for these roads was financially burdensome to the affected municipalities even with subsidies from the Ministry of Transportation and Communications. As a result, the Ministry of Natural Resources assumed a share of a municipality's costs in respect of reconstruction and/or maintenance of an access road.

Eligibility

Assistance is available to any municipality, a road commissioner under The Statute Labour Act, or any owner of land in unorganized territory which would be used to provide access to a Provincial park. In organized territory, the access road must be under the jurisdiction and control of the municipality.

The project is reviewed by the Ministries of Transportation and Communications and Natural Resources and, if found satisfactory to both, receives the approval of the Minister of Transportation and Communications. This approval permits local road grants to be paid by the Ministry of Transportation and Communications and ensures eligibility for access road grants from the Ministry of Natural Resources.

The Ministry of Natural Resources' share of project cost is approved by a formal agreement between the municipality and the Minister of Natural Resources which must receive prior approval of the Lieutenant Governor-in-Council.

The municipality claims its subsidy from the Ministry of Natural Resources upon submission of invoices detailing the entire expenditure and the share to be paid by the Ministries of Transportation and Communications and Natural Resources, and the municipality. Upon receiving approval from the Ministry of Transportation and Communications that the invoice is correct

for items claimed, the Ministry of Natural Resources approves the invoice for payment of its grant.

Shareable Costs

Expenditure items eligible for subsidy by the Ministry of Natural Resources correspond to those eligible for subsidy by the Ministry of Transportation and Communications as per The Public Transportation and Highway Improvement Act and include the purchase of additional rights-of-way, the relocation of utilities, and engineering costs. Personnel involved directly with the project, such as on-site time keepers, are subsidized while municipal clerical services are not.

The Ministry of Natural Resources agrees, through negotiation with the affected municipality, to subsidize the construction or re-construction of the access road. Road agreements signed by the municipality with the Ministry stipulate that maintenance expenditures for the road are the municipality's responsibility even though legislation permits the Ministry of Natural Resources to subsidize maintenance expenditures. In addition, the municipality's expenditures for interest or other financing costs for the project are not, by policy, eligible for subsidy from either the Ministry of Natural Resources or from the Ministry of Transportation and Communications.

Provincial Rate of Support

In organized territory, the Ministry of Natural Resources negotiates the rate of support with the applicant on the basis of property assessment located along the access road, the amount of municipal traffic on the road before the establishment of a Provincial park, and the population located along the road. The rate of support ranges up to a maximum of 100% of the difference between road cost and the Ministry of Transportation and Communications' subsidy as mutually agreed by the Ministry of Natural Resources and the affected municipality.¹

In areas without municipal organization, the Ministries of Transportation and Communications and Natural Resources usually share the cost of road construction or reconstruction. In these areas, owing to a lack of assessment and population, financial contributions are not generally required from local residents.

Municipal Financing

Municipalities may finance their share of expenditures for roads either through their levy for general municipal purposes, or through the issue of debentures for which approval of the

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1. Under Section 71 of the Public Transportation and Highway Improvement Act, any access road grant which is paid to a municipality by the Ministry of Natural Resources will be used to reduce the Ministry of Transportation and Communications' normal road grants. To ensure that it receives full subsidy from both Ministries, the municipality must petition the Minister of Transportation and Communications for exemption from Section 71.

Ontario Municipal Board is required. If the municipality chooses to debenture, the principle and interest charges relating to the debenture issue will be financed through the general municipal levy.

If an access road is common to two municipalities, for example, a town line road, the municipalities affected negotiate and agree on the apportionment of costs. In cases such as this, the cost sharing between the municipalities is usually equal.

Cash Flow of Grants

The Ministry of Natural Resources has funded access roads at the following levels in recent years:

<u>1975/76</u>	<u>1976/77</u>	Estimated <u>1977/78</u>
\$401,821	\$222,666	\$145,000

The Ministry does not make advance payments to municipalities. However, "progress" payments are made to municipalities when invoices for expenditures are submitted. In addition, no adjustments to grants are necessary since project approval and audit by the Ministry of Transportation and Communications ensures eligibility and accuracy of the access road subsidy.

Availability of Federal Funding

Access road projects to Provincial parks being developed in A.R.D.A. designated areas are eligible for federal-provincial

cost sharing under The Agriculture and Rural Development Agree-
ment. The federal government reimburses the Province for 50%
of the Ministry of Natural Resources' expenditures except those
in respect of workman's compensation and Provincial sales tax.

AGREEMENT FOREST LANDS

Legislative Authority

Grants to assist in the purchase of land for "forestry purposes" are available to conservation authorities and municipalities which undertake forest management agreements with the Minister of Natural Resources. Three different Acts make these agreements possible:

- The Forestry Act, R.S.O. 1970, Chapter 181 -
authorizes the Minister of Natural Resources to enter into agreements with owners of lands [Section 2(1)] and to pay grants to conservation authorities and municipalities [Section 2(2)].
- The Trees Act, R.S.O. 1970, Chapter 468 -
authorizes municipalities to sign agreements with the Minister.
- The Conservation Authorities Act, R.S.O. 1970, Chapter 78 - authorizes conservation authorities to sign agreements with the Minister.

Description

Forest management agreements under The Forestry Act are intended to stimulate land purchase and use for "forestry purposes". The Act defines "forestry purposes" as including

the production of wood and wood products, provision of proper environmental conditions for wildlife, protection against floods and erosion, recreation, and the protection and production of water supplies.

Background and Development

The Counties Reforestation Act of 1911 authorized counties to own and manage forest lands. The first "agreement forest" was created by Simcoe County in 1922. This program was initiated to promote the use of submarginal agricultural land for forests and to demonstrate the value of forestry management to landowners. Over the years, legislative amendments have created the present statutes mentioned above.

In recent years, municipalities and conservation authorities, confronted with rising land prices and decreased local budgets and grants, have often found it difficult to purchase new forest land.

Eligibility

To be eligible for grant under this program a conservation authority or a municipality (region, county or township) must enter into a forest management agreement with the Minister of Natural Resources.

An agreement¹ can be made only after the conservation authority or municipality has received the approval of the Minister of Natural Resources for the land purchase proposal, and only after the Ministry of Agriculture and Food has indicated that the lands are unsuitable for agricultural use.

Each agreement has a minimum term of 20 years and is renewable for additional terms of 20 years or more. Grants are refused on extremely expensive land and are seldom paid if the purchase price is in excess of \$300 per acre. If priced above that level, land cannot be justifiably classed as "forest land". In some cases, however, municipalities or conservation authorities have purchased land in spite of their ineligibility for grants arising from excessive land costs.

Shareable Costs

Grants apply to the purchase price of land and to any relevant legal fees and disbursements.

Agreements negotiated prior to 1971 authorized the purchase of any merchantable timber on the property. In 1971, revised agreements were developed which did not contain this provision and which increased the rate of support for land purchase.

1. Section 2(1) of The Forestry Act provides for the Minister of Natural Resources to make agreements with "the owners of lands that are suitable for forestry purposes".

Provincial Support

Agreements signed prior to 1971 provided grants of 50% of the purchase price of land, plus 100% of the value of the merchantable timber growing on the property. The maximum for both grants combined was 75% of the purchase price of the land. In addition, a 50% grant was paid on expenditures for solicitor's fees and disbursements.

Under agreements signed in 1971 or later, the grant covered 75% of the purchase price and 75% of the solicitor's fees and disbursements, without any specific allowance for timber values.

Municipal Financing

A municipality may raise its share of land purchase cost through general taxation.

A conservation authority apportions its share of costs among its constituent members on the basis of "benefit derived". Should benefit accrue to a very small number of authority members, the rate of cost sharing will be negotiated among those affected with the required funds being raised through general property taxation.

If all authority members benefit from the program, costs will be apportioned on the basis of equalized assessment

where the assessment of each member municipality is directly proportional to the percent of its area within the authority. Needed funds will then be raised through general property taxation.²

A loss of tax revenue is incurred by the municipalities in which a county or regional municipality purchases forest land since these properties are exempt from property taxation under The Assessment Act. To alleviate this revenue loss, the county or regional municipality may pay the municipality, under Section 8 of The Trees Act, "a sum not exceeding the amount that would have been payable to the municipality as taxes if the land were not exempt from taxation". The sum paid is negotiated between the agreement forest owner and the local municipality, and the authorizing by-laws must be approved by the Minister of Natural Resources. Conservation authorities, since they are not subject to any exemptions under The Assessment Act, pay taxes on these lands.

Nine of the 25 counties and regions that have agreements under The Forestry Act presently make payments compensating their constituent municipalities for tax losses.³ The remaining

2. c.f. "Conservation Authorities Program".

3. Such payments are made by the Counties of Dufferin, Grey, Huron, Lanark, Renfrew and Stormont, Dundas and Glengarry and by the Regional Municipalities of Halton, Waterloo and Hamilton-Wentworth.

15 upper-tier municipalities have no agreements with their constituent municipalities as a matter of the latter's choice. It may be that those municipalities without forestry agreements would find it politically unfeasible to subsidize the payment of compensating tax revenue to their neighbouring municipalities within the upper-tier.

With the approval of the Ontario Municipal Board, a municipality or conservation authority may issue debentures worth up to \$25,000 to finance any one land acquisition project [The Trees Act, Section 7 (e)].

Cash Flow of Grants

No advance grant payments are made. Grants are paid when the Province has received proof of land purchase and receipts for legal fees and disbursements.

Delays in payments of grants and, as a consequence, potential budgeting problems for the Ministry of Natural Resources, occur as a result of problems surrounding the purchase of lands.

The Ministry requires that the corporation submit to the Province deeds or other evidence of land purchase for eligibility of payment of grant, as well as an application for its grants. In some instances, the Ministry's receipt of proof of land purchase and grant application from the corporation are made two to three years after a project's approval.

TABLE 1

GRANTS PAID TO ASSIST THE PURCHASE OF FOREST LANDS*

	<u>Actual</u> <u>1974/75</u> <u>(\$)</u>	<u>Actual</u> <u>1975/76</u> <u>(\$)</u>	<u>Estimated</u> <u>1976/77</u> <u>(\$)</u>
<u>Conservation Authorities</u>			
Long Point Region	11,000	NIL	NIL
Moir River	1,800	NIL	NIL
Otonabee Region	NIL	3,300	21,300
Raisin Region	2,700	NIL	NIL
South Nation River	3,400	73,400	2,400
<u>Counties</u>			
Lanark	11,000	32,200	NIL
Leeds & Grenville	7,300	21,700	NIL
Middlesex	NIL	4,600	NIL
Renfrew	2,800	NIL	7,700
Simcoe	7,500	2,300	16,300
Stormont, Dundas & Glengarry	10,300	700	6,600
<u>Regional Governments</u>			
Waterloo	4,900	NIL	NIL
Ottawa-Carleton	<u>NIL</u>	<u>NIL</u>	<u>338,600</u>
	\$62,700	\$138,200	\$392,900

* This table does not include those municipalities (a) which have forestry agreements with the Minister but have purchased land prior to 1974/75 or (b) which have purchased land between 1974 and 1977 but have as yet to submit expenditure invoices for grant payment.

Availability of Federal Funding

Currently, the Federal-Provincial Rural Development Agreement, which is due to expire on March 31, 1978, provides assistance for certain forest land purchases. To qualify, the purchase must involve submarginal agricultural land that is capable of being converted into forest land, and has a shareable purchase price not exceeding \$150 per acre.

Once the Ministry of Agriculture and Food provides authorization for the land to be used for forestry purposes, the Ministry of Natural Resources can apply to ARDA for a joint federal-provincial grant. The Ministry pays its normal grant to a municipality or conservation authority and is subsequently reimbursed by Ottawa for 50% of the applicable cost sharing at the end of the fiscal year.

CONSERVATION AUTHORITIES PROGRAM

Legislative Authority

This program is authorized by The Conservation Authorities Act, R.S.O. 1970, Chapter 78, as amended.

Description

General purpose of program

Provincial grants to conservation authorities are designed to support and stimulate local initiatives in conservation. Grants to fund administration costs, capital cost and the operation and maintenance of water control structures are currently in place. In addition, supplementary assistance is provided to those conservation authorities which are characterized by resource deficient tax bases and high expenditure needs.

The Conservation Authorities Act was designed to provide a means of dealing locally with such resource and land management problems as soil erosion, flooding, summer droughts and stream pollution, all of which had become increasingly serious in the 1930's and early 1940's. Under the Act, an individual conservation authority could develop schemes "for the purposes of conservation, restoration and

development of (renewable) natural resources ... and for the prevention of floods and water pollution".

Three conservation authorities were formed initially in 1946 when the Act was passed. Projects undertaken by the authorities involved flood control, soil conservation, reforestation and improvements to the habitats of fish and wildlife. From the outset the authorities have been actively engaged in the education of the public in conservation principles.

The present Act is similar in scope and spirit to the original legislation instituted in 1946. However, two significant amendments were made to the Act in the 1950's which permitted the authorities not only to use land for recreation but also gave the authorities more autonomy to conduct their own affairs.

Structuring of an authority

Under the Act, an authority is formed when two-thirds of the municipalities within a watershed vote in favour of establishing a conservation authority and Provincial sanction is given by Order-in-Council. Once it is established, all municipalities wholly or partly situated in the watershed automatically become members of the authority. At present, there are 38 conservation authorities covering approximately 42,088 square miles in total area.

The watershed determines the area of operation of an authority, and as a result, the boundaries of conservation authorities generally follow geographic rather than political boundaries. Therefore, it is not unusual to have authority membership comprised of parts of municipalities, with their remaining parts either belonging to an adjacent authority or not being a part of any authority at all.

Municipal representation

A municipality's population determines the number of representatives it will have on the authority. In all instances, a municipality's population is derived by prorating its population by the percentage, in square miles, which the portion of the municipality within the authority's jurisdiction bears to the entire municipality.

Municipal representation on a conservation authority is determined as follows:

<u>Population of Municipality</u>	<u>Number of Representatives</u>
250,000 and more	5
100,000 to 249,999	4
50,000 to 99,999	3
10,000 to 49,999	2
Less than 10,000	1

In circumstances where a regional municipality is involved, it

is considered to be the participating municipality within the authority. The regional municipality appoints representatives to the conservation authority in accordance with the above table.¹ The Province also appoints three members to each authority with the notable exception of the Grand River conservation authority, where historically, the Province has always appointed eight members.

Total Shareable Costs

An estimate of total municipal funds supplied to authorities is not available since Provincial records are kept only for those authority expenditures eligible for grants. It should also be noted that municipal funds for specific projects, such as the acquisition of certain property, may come from private donations. On average, the Province contributes approximately 60% of the costs of those authority programs that are jointly funded by the Province and municipalities. Provincial funding during the last three years is shown in the following table.

1. By statute, the number of Metropolitan Toronto representatives, in the Metro Toronto and Region Conservation Authority, must equal the total number of representatives from the five other participating municipalities. (Conservation Authorities Act, Section 5 (5)).

TABLE 1

PROVINCIAL FUNDING

<u>Type of Grant</u>	<u>Actual 1974/75 (\$000)</u>	<u>Actual 1975/76 (\$000)</u>	<u>Estimated 1976/77 (\$000)</u>
Administration	3,200	3,500	4,000
Capital	22,200	24,400	18,500
Operation and maintenance	300	400	500
Supplementary	<u>2,700</u>	<u>3,000</u>	<u>3,600</u>
Total Grants	28,400	31,300	26,600

On expenditures which are cost-shared with the Province, municipalities paid approximately \$18.8 million in 1974-75 and \$20.1 million in 1975-76.

Eligibility

Conservation authorities must apply for all Provincial grants with the exception of supplementary grants. Each application must be approved by the Minister of Natural Resources as specified in Section 39 of the Act.

Municipal Financing

Each year, every conservation authority must submit to the Ministry's regional office a budget for its proposed programs for the coming year. There, each budget is reviewed and a target level for total spending is established. The authority is then expected to set its spending priorities accordingly. If it disagrees with the established budget level, it can appeal to the regional office for a second review.

Municipalities belonging to a conservation authority must participate in the financing of costs relating to administration, the operation and maintenance of water control structures, and capital projects. The authority requisitions funds from each constituent municipality based upon the benefit derived by each member municipality.² "Benefit derived" is usually determined by the participating member's relative share of the authority's prior year's equalized assessment. Each member municipality's equalized assessment for this purpose is assumed to be directly proportional to the percentage in square miles of the municipality lying within the authority's jurisdiction. Should a specific project directly benefit only a few

2. The authority bills a regional rather than an area municipality since the former is deemed to be the participating municipality with membership on the authority. The regional municipality generally considers an authority's requisition as part of its overall general levy on its area municipalities and apportions its levy on the basis of relative shares of equalized assessment.

authority members, the benefitting municipalities will bear the full cost of the project, apportioning project expenditures by negotiation and mutual agreement.

The municipality raises its share of the levy by any method it deems fit, usually through property taxation. If, for example, a participating municipality is of the opinion that a major part of the benefit to be derived from a specific capital work accrues to a limited area within its boundaries, it may pass a by-law requiring that a specified portion of its total levy for the project be financed by a special rate upon the rateable properties in the benefitting area. However, since the benefit from operation and maintenance of water control structures, for example, generally accrues to the entire municipality, the levy is met through property taxation for general municipal purposes.

With respect to capital undertakings, each participating municipality must notify the authority within 30 days of how it proposes to raise funds for a capital project which is to be financed over a period of years. This information accompanies the authority's application to the Ontario Municipal Board.

The authority makes its decision for long term financing only after the project has been approved by the Ministry. The authority must then obtain approval for the issue of debentures from the Ontario Municipal Board before the Ministry will pay any grant on project expenditures.

SPECIFIC GRANT PROGRAMS

I. ADMINISTRATION GRANT

Description

This grant provides conservation authorities with subsidies towards approved administration expenditures. Its purpose is to encourage authorities to establish and maintain a functional and effective operation.

Shareable Costs

Administration grants may be applied towards the costs of authority members' per diem fees and travel, administrative staff salaries and travel, office costs such as heat, light, telephone, office equipment, insurance and property taxes paid for municipal and school purposes, and rental of necessary administrative facilities.³ Administration grants cover only the expenditure incurred during the calendar year; carry-overs from one year to the next are not permitted.

Provincial Support

The grant covers 50% of approved expenditure.

3. Under the Ministry of Natural Resources' newly formulated expenditure classifications, the construction of necessary office facilities is funded under "sundry capital grants".

Cash Flow of Grants

An advance payment of 75% of the budgeted administration grant is made on May 1 of each year. Once the original 75% advance is exhausted, the remaining 25% is recovered through submission of expenditure reports.

Availability of Federal Funding

Federal money is not available for this program.

II. CAPITAL GRANTS

Description

Several grants for capital expenditures related to water management projects were established in The Conservation Authorities Act which was passed in 1946. As the functions of the authorities were broadened, additional capital grants became necessary.

In 1946, the serious fluctuation of water levels, resulting from improper forestry operations in prior decades, commanded the attention of all three levels of government. To ease flooding and drought conditions, joint federal-provincial-municipal projects were established to construct dams for water control. Additional capital grant programs for channel improvements, river bank erosion control, conservation lands (the acquisition and development of conservation area facilities)

and conservation services (tree planting and erosion control on private lands) were established by precedent when off-shoot projects of early dam construction were proposed by conservation authorities and accepted by the Province as eligible for grant funding.

The earliest subsidy rates for dam construction were arbitrarily set at 50% of approved costs through negotiations between the Province and a conservation authority. In 1968, the Province increased the rate of subsidy to 75% of approved costs for land acquisition and final engineering and construction to have more control over dam construction. Since 1972, the Province has subsidized land acquisition at a rate of 50% thus providing a disincentive to authorities to purchase land indiscriminately. In addition, the grant rate on the first \$30,000 of final engineering and construction costs was decreased from 75% to 50%, and increased from 75% to 100% on any eligible costs in excess of \$30,000.

These measures enabled the Province to exercise greater control over major dam construction. The reduction in the grant rate on the first \$30,000 of final engineering and construction costs reduced the number of grant requests for small dams of \$30,000 or less. It also served to provide supplementary grant assistance on small dam and reservoir construction to those authorities characterized by a low tax base and high expenditure needs.

In 1972, the Province also strengthened the incentive for authorities to purchase land on the Niagara Escarpment for the purpose of preserving and protecting the Escarpment's water resources, forests, fish and wildlife. The added incentive consisted of an increase in the grant rate from 50% to 75% on land purchases made on the Escarpment. This subsidy was made retroactive and conservation authorities which had bought Escarpment land prior to 1972 with the aid of 50% grants were now entitled to receive an additional 25% of the associated purchase prices.

Eligibility

Work may not be carried out on any capital project until the Ministry of Natural Resource has declared the project eligible for a grant. Any project costing more than \$100,000 must receive approval in advance from both the Minister of Natural Resources and the Management Board of Cabinet. If work must be undertaken prior to grant approval, the authority must advise the regional director of the Ministry to obtain his approval. As soon as it is possible, the conservation authority must obtain formal approval from the Ministry.

To obtain funds, an authority must submit verification of capital expenditures to the Ministry, which, in turn, determines

the eligibility of each expenditure and pays the appropriate amount of grant subject to adjustment upon post-audit by the Ministry.

Expenditures eligible for subsidy vary from grant to grant, as outlined in an information manual prepared by the Ministry of Natural Resources which is distributed to all conservation authorities.

Shareable Costs

The grant applies to the cost of capital goods that are permanently incorporated into the project; it does not apply to such items as machinery or to operation or maintenance costs.

Rate of Provincial Support

The rates of support which the Province provides for various capital projects are as follows:

<u>Subsidizable Capital Expenditure</u>	<u>Provincial grant rate</u> %
1. Engineering surveys and studies (flood plains mapping, preliminary engineering)	75
2. Dams for flood control and low-flow augmentation:	
(i) land purchases	50
(ii) final engineering and construction:	
- on first \$30,000	50
- on cost over \$30,000	100

<u>Subsidizable Capital Expenditure</u>	<u>Provincial grant rate</u> %
3. Dams primarily for recreation and preservation of wildlife habitat (includes acquisition and repair of old mill dams)	50
4. Channel improvements	50
5. River bank erosion control	50
6. Conservation lands ⁴ (acquisition and development of conservation area facilities)	50
7. Conservation services (e.g. tree planting, erosion control on private lands)	50
8. Niagara Escarpment land purchases	75

Non-Financial Assistance

The Province provides conservation authorities with non-financial assistance in the form of technical advice. The Ministry of Natural Resources provides advisory services with respect to engineering, biology, planning, forestry, finance and administration. Other Ministries, notably the Ministries of the Environment and Agriculture and Food, contribute specialized knowledge as well.

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4. Road construction expenditures within a conservation area are subsidized at a rate of 50% only if the road is included in the conservation area's development plan. The development plan is flexible and, with approval of the Ministry of Natural Resources, may be amended to include the road. Expenditures for road maintenance are not subsidizable.

Cash Flow of Grants

Each year, by October 15, an authority must submit its budget estimates for the coming calendar year to the Ministry's regional director. This deadline permits the regional director to review the budgets with conservation authorities and integrate the latter's estimates with those of the Ministry. By January 15 of the new year, each authority is advised of the level of capital funding it will receive on a program by program basis.

Advance payments are made under this program. An advance payment of 50% of an approved capital budget grant is made on May 1 of each year. Once the original advance is depleted, a second advance of 25% may be requested. The final 25% is recovered through submission of expenditure reports.

Availability of Federal Funding

Early water management projects received federal aid, but the criteria for such assistance were never clearly established. The federal government contributed towards the cost of constructing any flood control structures considered to be of "national significance". In the early years, "national significance" was ascribed to any project under The Canada Water Conservation Assistance Act with a minimum cost ranging from \$2 million to 5 million.⁵

5. The federal government funded its share of project expenditure on the basis of total project costs provided the minimum cost criterion was met.

Under this Act, funding for the construction of major flood control structures has been available since 1961. The federal and Provincial governments each provided a subsidy of 37.5% of a project's eligible expenditures and the authority contributed the remaining 25% by a levy on its member municipalities. A few projects remained unfinished under this program but no new ones have been approved since 1967 when the federal program was discontinued.

Since 1970, federal funding for new water control projects has been provided under The Canada Water Act, administered by Environment Canada. Currently, federal funding pertains to the total cost of a project when costs exceed \$5 million.

The federal government, under terms of The Canada Water Act, requires that a comprehensive plan for a watershed be established before it will enter into agreements with the Province. This plan requires that the Province and conservation authority, by agreement, share costs for any projects involving the federal government. Once the comprehensive plan has been established, the federal government will provide financial assistance.

The major agreement to date under this program has been a flood control-dyking scheme primarily in the Counties of Kent, Essex and Lambton. The estimated cost of this project is \$13.1 million. The Province's share of the program will be

allocated through Ontario's rural incentive program under the Agricultural Rehabilitation and Development Act. The federal government and the Provincial government, through the Ministry of Agriculture and Food, will each contribute 45% and municipalities that benefit will pay 10%.

Funding under the Agricultural and Rural Development Agreement is available for the development of small water supply reservoirs in rural areas of Northern and Eastern Ontario. This program is also funded on a 37.5%; 37.5%; 25% basis with a limit of \$500,000 for the total federal contribution. The Provincial share of this program is funded by the Ministry of Agriculture and Food.

Grants are available directly to conservation authorities under the Marina Policy Assistance Program of Environment Canada which was introduced in 1966. Under this program, the federal government provides assistance to authorities in constructing safe marinas by performing all major off-shore harbour construction such as breakwater and dredging needed to create protected water. In return, the applicant's expenditures for on-shore land acquisition and development and other facilities must monetarily equal the federal contribution. Should an authority be unable to meet its share of costs, the federal government will not undertake any off-shore work.

III. OPERATION AND MAINTENANCE OF WATER CONTROL STRUCTURES

Description

This grant subsidizes expenditure on the operation and routine maintenance of water control structures.

Background and Development

The need for the grant arose as a result of the great number of dams which had been built through the 1950's with federal, Provincial and municipal funds. It was felt, by all three levels of government, that any major catastrophe resulting from a misoperating and/or malfunctioning dam or other water control structure should be minimized. As a result, the grant was introduced in 1961.

Eligibility

Any major maintenance work (such as the major overhaul or replacement of equipment) must be approved in advance by the Ministry of Natural Resources. The Ministry is responsible for inspecting and reporting on all major structures at least once a year and on all minor structures every six months. It must also inspect and report on a structure if a conservation authority so requests.

Shareable Costs

Grants are available on approved expenditures for the operation and routine maintenance of dam structures, pumping stations, channel improvements, weirs,⁶ dykes, groynes,⁷ erosion control works, stream gauges, rain gauges, snow courses and telecommunication systems used chiefly for dam operation, flood control and flood warning purposes.

Provincial Rate of Support

The Province subsidizes 75% of approved eligible costs.

Cash Flow of Grant

The cash flow for this grant is the same as for capital grants.

Availability of Federal Funding

No federal money is available for this program.

IV. SUPPLEMENTARY GRANTS

Description

These grants provide supplementary assistance to

-
6. A weir is defined as a dam in a stream to raise the water level or divert its flow.
 7. A groyne is defined as a rigid structure built out from the shore to protect the shore from erosion, to trap sand, or to direct a current for scouring a channel.

authorities that have lower than average equalized assessments per square mile and higher than average expenditures per capita.

Background and Development

Supplementary grants were introduced in 1967 on the recommendation of the Select Committee of the Legislature on Conservation Authorities, which noted in its report that various parts of the Province differed in their abilities to raise local funds for conservation purposes. The Committee recommended that the assessment deficient authorities be eligible for an equalizing grant to promote adequate management practices in all authorities.

Eligibility

To be considered for a supplementary grant, an authority's expenditure must initially receive Ministerial approval for a basic 50% grant. Expenditures subsidizable at rates in excess of 50% are not eligible for supplementary assistance.

A conservation authority's eligibility for supplementary grant is determined by calculating its grant factor, which is based on the authority's tax effort per unit of population density. The calculated grant factor determines, according to a schedule, a specific rate of supplementary grant. (This schedule, along with the grant factor formula, is set out under Provincial Support, below). To qualify for supplementary assistance, an authority must have a grant factor at or above .5.

Shareable Costs

In determining shareable costs, the eligible expenditures relating to the Ministry's 50% grant programs serve as the base to which the supplementary grant rate is applied.

Provincial Rate of Support

Each conservation authority's supplementary grant is determined by its grant factor. This grant factor, in turn, is based on the aggregate values of assessment and population of the municipalities belonging to the conservation authority. To arrive at the data for each municipality, its assessment and population are prorated according to that percentage of the municipality's total area lying within the jurisdiction of the authority, on the assumption that a municipality's assessment and population are evenly distributed within its boundaries.

The data for the municipalities are aggregated and used in the following formula to determine the authority's grant factor:

$$\frac{\text{Levy}}{\text{Assessment}} \times \frac{\text{Area}}{\text{Population}} = \frac{\text{Mill rate}}{\text{Pop./sq. mile}} = \text{Grant factor}$$

where:

levy is the authority's levy prior to determination of supplementary grants;

area is the watershed's area in square miles.

assessment is the total unweighted prior year's equalized assessment exclusive of equivalent assessment for payments-in-lieu of taxes; and
population is the prior year's assessed population within the watershed, unadjusted for "temporary residents".

When the grant factor has been determined, the following schedule is used to determine the rate of supplementary grant:

<u>Conservation authority grant factor</u>	<u>Rate of supplementary grant</u>
.5 to 1.4999	5%
1.5 to 2.9999	10%
3.0 to 4.9999	15%
5.0 to 9.999	20%
10.0 and up	25%

The rate of supplementary grant to be paid in any year is largely dependent on the authority's total levy as approved and reported in its budget. The reported levy is considered as the actual levy for the year.

To determine the actual supplementary grant entitlement for the year, each authority's supplementary grant rate is recalculated at the fiscal year's end, using a revised levy determined by actual expenditure.

If this recalculation brings about a change in the supplementary grant rate, the grant itself must be adjusted. This adjustment is achieved by adjusting the authority's budgeted levy for the following year by the amount of change between the budgeted and actual levies of the previous year.

Cash Flow of Grants

Supplementary grants are paid automatically, along with any base grants, to any eligible authority. The Minister considers an application for a base grant as an automatic application for supplementary assistance, if the authority qualifies.

Interim payments of supplementary grants are made at the same time, and in the same proportion, as interim payments of base grants.

If the base grant has to be adjusted at year's end, the supplementary grant will be adjusted accordingly.

Availability of Federal Funding

Federal funds are not available for supplementary assistance.

PARKS ASSISTANCE

Legislative Authority

The grants are provided under The Parks Assistance Act, R.S.O. 1970, Chapter 337, Section 3(1), as amended.

Description

This program assists municipalities in acquiring and developing lands as tent and trailer parks and in developing natural beaches for recreational use.

Background and Development

The Province introduced The Parks Assistance Act in 1960 to meet the increasing demand for camping facilities. The Act provides grants to municipalities to encourage the acquisition and development of parks for camping.

In 1966 the total grant ceiling for any one park was raised from \$50,000 to \$100,000; grants for land acquisition were limited to \$25,000 per park; and, for the first time, grants were made available for developing natural beaches.

On April 1, 1974 grants under The Parks Assistance Act were deconditionalized, but this change aroused such adverse reaction from municipalities and parks boards that the Cabinet reinstated the grants the following December.

Eligibility

These grants are available to any municipality; to any Indian band permitted under Section 68 of The Indian Act to control, manage and expend revenues; and to any elementary or secondary school board with jurisdiction in unorganized territory.

Applications for assistance submitted to the Ministry of Natural Resources must contain a description of the proposed development, a plan of the proposed park, and an estimate of subsidizable expenditures.

Before land is acquired, the applicant must submit details that include an appraisal of land value, the status of title, a survey plan and a legal description of the property. The proposed site is inspected by Ministry representatives and, if found suitable, an Order-In-Council may be passed approving funds for developing a master plan and carrying out any other initial development work.

The master plan must be approved by the Province. Prior to construction, Provincial approval must also be obtained for the plans and specifications of buildings, roads and other major items. This work is also subject to Provincial inspection during and after construction.

Through the Ministry of Natural Resources, the Province maintains close contact with the applicant to ensure adherence to the Ministry of Transportation and Communication's requirements for highway access, Industry and Tourism's standards for campgrounds, and the regulations for sanitation and preservation of land as set out by the Ministries of Health and the Environment.

The Ministry must be in receipt of the municipal by-law creating the approved park, the municipality's development proposals and schedule of user fees¹ before it applies to the Management Board of Cabinet for the funds required. Once created, an approved park, or any part of it, cannot be sold or otherwise disposed of without approval by the Lieutenant Governor-In-Council.

Development of the park depends on the applicant's ongoing financial capabilities. As a result, funding may be spread out over several years. Grants made under this Act apply only for those facilities that receive no other Provincial funding.

Shareable Costs

Grants apply to the cost of acquiring land and developing an approved park that offers facilities for overnight camping, a

1. User fees must not be less than those fees charged by Provincial parks.

recreational beach, or both. Grants may also apply to the cost of converting a Provincial park or a public park into an approved park, but this may be undertaken only with the approval of the Ontario Municipal Board. Grants are intended to subsidize the capital costs of roads within the park, washrooms, grading, seeding, sodding, and camping facilities, but do not cover the municipal costs of operations, policing or maintenance.

Table 1 summarizes the Provincial grants that have been provided to municipalities since the program began in 1960.

TABLE 1

TOTAL GRANTS FOR PARKS ASSISTANCE BY SIZE
OF MUNICIPAL POPULATION, 1960 TO MID-1976

<u>Municipal Population</u>	<u>No. of Parks</u>	<u>Grants Approved</u> <u>(\$000's)</u>
Up to 1,000	11	225
1,000 to 5,000	53	1,449
5,001 to 10,000	29	421
10,001 to 20,000	18	830
20,001 to 25,000	2	135
25,001 to 50,000	5	232
Over 50,000	<u>29</u>	<u>1,683</u>
	147	4,975

Provincial Support

The grant, which applies only to the costs of land acquisition and development, is limited for any one park to \$100,000 or 50% of the total cost, whichever is less; and that portion used for land acquisition is limited to \$25,000 or 50% of the total cost of acquiring the land, whichever is less.

It is also possible for a municipality to obtain Provincial aid for facilities in parks not covered by The Parks Assistance Act. Under The Community Recreation Centres Act, 1974, administered by the Ministry of Culture and Recreation, funds are available towards community halls, ball fields, swimming pools, tennis courts and other recreational facilities. These grants amount to 25% of approved costs, to a maximum of \$75,000 per facility. If a project will place an undue financial burden on the municipality, however, the Minister of Culture and Recreation may approve grants of 50% of approved costs, to a maximum of \$150,000 per facility.

Non-Financial Assistance

Technical advice is available from the Province for planning, developing and managing parks approved under this Act.

Municipal Financing

The municipality must raise its share of costs in excess of user fee revenue, through general taxation.²

Two or more municipalities may share costs for an approved park, but the grant limits per park still apply.

If a municipality wishes to issue debentures to spread the capital cost of the project over more than one year, it must obtain approval from the Ontario Municipal Board.

Cash Flow of Grants

In 1975-76, 47 municipalities received \$496,000 in Provincial funds for 58 parks. In the 1976-77 fiscal year, grants totalling \$497,542 were requisitioned to 43 municipalities in respect of 49 parks. The number of grant recipients generally increases in February and March of the fiscal year during which time most grant applications are made. The original budget for 1976-77 is \$500,000, the same as that of the previous year. The budget for 1977-78 is set at \$562,000.

No advance payments are made. Cash flow depends on receipt of expenditure claims, which may be made after each phase of a project is completed. The Parks Assistance Act does

2. The municipality raises its share of costs by taxing all of its taxpayers, since all will benefit from the park.

not stipulate, however, that claims must be submitted by phase. As a result, the Province has outstanding commitments of \$1.7 million to 102 municipalities for 125 parks over the next several years.

Availability of Federal Funding

Federal assistance is not available for this program.

MINISTRY OF TRANSPORTATION

AND COMMUNICATIONS

MUNICIPAL AIRPORT DEVELOPMENT - CONSTRUCTION

Legislative Authority

This program is authorized by The Airports Act, R.S.O., 1970, Chapter 17, Section 3.

Description

The objective of the program is to assist in the development and improvement of a system of municipal airports.

Background and Development

This program, initiated in 1968, originally applied to municipalities in Northern Ontario (defined as the area north of the French River). In 1976, in keeping with a recommendation contained in the Southern Ontario Air Passenger Study, the program was expanded to include the Parry Sound District, Eastern Ontario and the Barrie area (Eastern Ontario is defined as the area east of the western boundary of Hastings County).

Eligibility

As noted above, only certain areas of the Province are eligible for this subsidy. Eligibility is further restricted to municipalities in areas designated as growth centres by the Ministry of Treasury, Economics and Intergovernmental Affairs, although other municipalities may become eligible if so recommended in a government-recognized economic study (Barrie is included in the program on the strength of a recommendation in

the Simcoe-Georgian Area Task Force Report).

The program does not include airports in the national system since these, in general, are funded entirely by the federal Ministry of Transport.

Shareable Costs

Provincial funding under this program over recent years is outlined in the following table.

TABLE 1

Provincial Aid Towards Airport Development Construction

<u>Fiscal Year</u>	<u>Provincial Assistance</u> (\$ 000)
1973-74	90
1974-75	209
1975-76	637
1976-77	152
1977-78 (Estimate)	1,215

All items associated with the construction or improvement of a municipal airport are eligible for subsidy as long as such expenditures are found to be suitable for the site under consideration. However, mobile equipment required for the maintenance of an airport is ineligible for construction subsidy.

Provincial Support

When the program was initiated in 1968 the Provincial subsidy

covered 50% of all eligible municipal expenditures. This subsidy applied to municipalities' expenditures, net of federal subsidies.

In 1975 the subsidy rate was increased to 80% for items required to form a basic airport package, such as the main runway, taxiway, aircraft parking area and public terminal. Additional items such as cross-wind runways, runways longer than 3,500 feet and parallel taxiways remained at the 50% subsidy rate.

Specific ceilings are not applied to individual subsidies. However, proposed works must not be overly elaborate in relation to the role of the airport.

Municipal Financing

Municipalities finance their share of the costs through local taxation and debenture issues. Cost-sharing among municipalities is not common in Northern Ontario but in Eastern Ontario the costs of the Arnprior and Pembroke airports were shared by the surrounding municipalities.

Cash Flow of Grants

Subsidies are paid to municipalities by the Ministry upon receipt of a certified statement that an approved expenditure has been made. Progress payments may be made at any time throughout the year.

Availability of Federal Funding

The federal government, through the Ministry of Transport,

funds those airports which it designates as either "national" or "community".

The "national" airports are the larger airports located in Toronto, London, Windsor, Sarnia and Thunder Bay. Although for convenience some of these airports are operated by municipalities, capital and operating expenditures are funded entirely by the Ministry of Transport, and therefore are not eligible for Provincial subsidy.

The "community" airports are subsidized under the "Community Airport Assistance Program", enacted in July, 1972. The total federal assistance for the whole of Canada under this program for the fiscal year 1977-78 amounts to \$2 million. Consideration of safety, traffic flow and other factors determines which airports will be subsidized in any given year.

The level of federal funding for individual projects is not fixed and is established by a federal study of the economic and social benefits to be derived from the airport. The items eligible for federal and Provincial subsidy do not correspond entirely. The Provincial program is more comprehensive. Property, access road construction, some navigational aids, legal surveys and pre-engineering costs are not eligible for federal subsidy but do qualify for Provincial subsidy.

The impact of the \$2 million federal ceiling results in

certain projects not receiving any federal assistance, leaving the total cost to be borne by the Province and the municipality.

MUNICIPAL AIRPORT DEVELOPMENT - MAINTENANCE

Legislative Authority

This program is authorized under The Airports Act, R.S.O. 1970, Chapter 17, Section 3.

Description

This program is intended to provide technical and financial assistance to municipalities in Northern Ontario in order to ensure an adequate standard of maintenance at municipal airports.

Background and Development

This program was initiated in 1977.

Eligibility

Only Northern Ontario municipalities are eligible for this assistance and eligibility is further limited to municipalities qualifying for Provincial airport construction subsidies. The program excludes municipalities with airports that are part of the national system such as Thunder Bay, Sault Ste. Marie and North Bay for which costs are paid entirely by the federal government.

Shareable Costs

All costs associated with the maintenance of a municipal airport are eligible for this subsidy.

Provincial Support

The Provincial subsidy is determined as follows:

1. For municipal airports with a Class 2 (regularly scheduled) service operating on a minimum frequency of three days per week the subsidy is 50% of costs subject to a grant ceiling of \$25,000.
2. For municipal airports operating at less than the Class 2 standard the subsidy is 50% of expenditures between \$5,000 and \$25,000, resulting in a maximum subsidy of \$10,000 per year.

This formula recognizes the need for a higher standard of maintenance at airports offering regularly scheduled service.

Municipal Financing

Municipalities normally finance their share of this expenditure from local tax revenue.

Cash Flow of Grants

These subsidies are to be paid three times a year with interim payments of 30% on both April 1 and July 1. The final payment will be made upon receipt of an invoice at the end of the year.

Availability of Federal Funding

Federal money is only available for the maintenance of national category airports which, as already noted, are not covered by the Provincial program.

MUNICIPAL ROAD GRANT PROGRAMS

Legislative Authority

Legislative Authority for all road programs is found in The Public Transportation and Highway Improvement Act, previously The Highway Improvement Act, with additional legislative authority in The Statute Labour Act, The Local Roads Board Act and the various individual Acts outlining the responsibilities of regional, district, metropolitan and restructured county municipalities. Under these acts, subsidies are paid on the basis of expenditures made by municipalities on specific items defined as road improvements.

Description

The objective of all municipal road programs is to foster and encourage construction and maintenance of an adequate network of municipal roads, fully integrated with the Provincial Highway System to serve the general travelling public in the Province of Ontario. This objective is met primarily through financial assistance provided in a fair and equitable manner. Further support, through technical guidance and control procedures, has been established over the period of the programs' development.

Background and Development

These programs have a long history of development dating back to the turn of the century and have been amended over the years to meet the needs and objectives of the Provincial-local transportation system. Key dates in the development of these programs are:

1896 - A. W. Campbell appointed Provincial Instructor of Roads to instruct municipal officials in methods of road construction and maintenance.

1901 - Under The Act for Improvement of Public Highways counties were provided with 33 1/3% subsidy on approved road construction expenditure.

1917 - Provincial highway system established with counties contributing 30% towards the cost of highway construction and maintenance and cities contributing 30% towards the cost of suburban highway construction and maintenance.

1919 - Subsidy on county roads raised to 40% on both construction and maintenance.

1920 - Subsidy for townships introduced at 20% for construction and maintenance.

1924 - 40% grant introduced for county bridge construction and maintenance.

1926 - County road grants raised to 50% while those for

township roads increased to 30%.

1927 - Provincial sharing introduced for construction on King's Highway connecting links at the rate of 75% for villages and 50% for towns.

1929 - Sharing introduced for maintenance on King's Highway connecting links at the same rates.

1930 - Township road grants increased to 40%.

1935 - Sharing on King's Highway connecting links revised for towns and villages as follows:

- . population less than 2,500 - 100%

- . population greater than 2,500 - 50%

1935 - Local contribution to Provincial Highways abolished.

1937 - Up to this time township roads in territorial districts and roads in unincorporated areas were administered by the Department of Northern Development under a variable grant rate structure. In 1937 that Department was dissolved with townships in the north to be administered in the same manner as in the south and grants for work in unincorporated areas to be handled under what was the forerunner of Part XII of the present Act.

1937 - Subsidies to townships increased to a variable rate ranging from 50% to 80%.

1946 - Provincial funding on roads designated as development roads introduced in townships, counties and improvement districts, usually at a rate of 100%.

1947 - Subsidy on construction and maintenance in urban municipalities initiated as follows:

- . towns and villages at 50% for roads and bridges;
- . cities and separated towns at 50%;
- . upper limit on these road grants established at 2 mills on taxable assessment.

1947 - Subsidy on bridges increased to 80% in counties and in townships to a variable rate ranging from 80% to 100%.

1949 - Upper limit of two mills removed but grants to cities and separated towns reduced to 33 1/3%.

1955 - Sharing on King's Highway connecting links introduced for construction only in cities and separated towns at 50%.

- Subsidy on bridges and culverts for towns and villages increased to 80%.

1960 - Sharing on King's Highway connecting links raised to 75% for towns and villages greater than 2,500 in population.

- Sharing at 75% introduced for preparation of reports "on the whole or any part of the transportation system".

1963 - King's Highway connecting links introduced in townships under certain conditions and sharing under connecting links increased as follows:

- . towns and villages greater than 2,500 in population - 90%;

- . cities and separated towns - 75% (construction only).
- 1963 - Township subsidy rates reviewed through the employment of a formula, which subject to limits, would determine the grant rates necessary to equalize the mill rate required to raise a standard expenditure per road mile. Province acted on suggested increases only; no decreases made in grant rates.
- 1964 - Funding program introduced in counties using development road funds. Under this program normal funding was at 50%, while those county roads designated as development roads were subsidized at 100%. The total amount of grant to a county would depend on its resource base and basic spending level, which is established by measured needs.
- 1965 - Development road subsidies introduced in towns and villages in territorial districts, usually at a rate of 100%.
- 1969 - First regional government with subsidy based "upon consideration of the estimated money needs required to implement the plan (approved by the Minister) and the financial capability of the municipality", with the rate varying between 50 and 80% without differentiation between roads and bridges. This formula of aid was to apply to all future regional governments.
- 1970 - Road and bridge subsidies in separated towns and cities increased to 50%.
- 1973 - Subsidy to counties for roads and bridges, based "upon consideration of the estimated money needs required to

implement the plan (approved by the Minister) and the financial capability of the municipality". The grant established with the rate varying from 50 to 80%, without differentiation between bridges and roads.

Development road assistance to counties discontinued.

1974 - Development of formula for guidance in allocating local road funds to lower-tier municipalities.

1975 - Commenced program of needs studies in 126 large municipalities to establish rational method of allocating local road construction funds.

1976 - Development of formula for guidance in allocating maintenance funds to upper - tier municipalities.

Eligibility

All municipalities and Indian reserves are eligible for Provincial assistance on public roads as are local roads boards, statute labour boards and groups or individuals in unincorporated areas of the Province.

Subsidies apply to all expenditures which are defined as road improvements either in the legislation or by policy of the Ministry. These expenditures are supported by a certified statement from the treasurer of the municipality and the engineer or road superintendent. Expenditures are ultimately reviewed and approved by Ministry auditors to ensure that expenditures claimed are in line with legislation and policy.

Total Shareable Costs

Subsidies are limited to the total approved allocation for that calendar year or the appropriate grant rate applied against the municipality's actual expenditure, whichever is the lesser.

The following table lists the grants paid under various Ministry road programs since 1973. Although the grant (subsidy) figures are accurate, the total on local expenditures is based on the assumption that municipalities have reported all expenditures. The table does serve, however, to indicate the magnitude of the program.

In general, all road maintenance and reconstruction costs are eligible for subsidy within the limits of the approved allocation. Construction of a new road is eligible only if it is an alternative to an existing alignment or is designated as a main thoroughfare as required by legislation.

TABLE 1
COST SHARING: LOCAL ROADS AND BRIDGES

(\$000)

<u>Subsidy program</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u> (estimate)
Eligible expenditure *	370,988	437,383	506,393	480,800	557,818
Grants paid	197,404	231,105	273,642	267,802	306,800
Local share of expenditure	173,584	206,278	232,751	212,998	251,018

* Approximately 6 to 8% of eligible expenditure is unsubsidized each year.
This results from the fact that the calculated grant sometimes exceeds the approved allocation.

Development road program

Eligible expenditure	5,353	5,805	8,006	6,327	6,500
Grants paid	5,353	5,805	8,006	6,327	6,000
Local share of expenditure	NIL	NIL	NIL	NIL	500

Connecting link program

Eligible expenditure **	10,758	11,901	12,698	15,385	19,700
Grants paid	9,355	10,349	11,042	13,379	17,000
Local share of expenditure**	1,403	1,552	1,656	2,006	2,700

** Estimated on basis of local share of approximately 15%.

Unincorporated areas program

Eligible expenditure ***	3,365	3,898	5,072	5,168	6,613
Grants paid	2,607	3,034	4,115	4,042	5,114
Local share of expenditure	758	864	957	1,126	1,499

*** 15 to 20% of funds is spent directly by statute labour boards and the remainder spent directly by the Ministry (c.f. section on "Unincorporated Areas").

Construction of roads for land development purposes (new subdivision) is expressly exempted by legislation. Sanitary sewer construction is ineligible; however, storm sewers which serve as road drainage facilities are subsidizable. Water main installations, sidewalks, and that portion of storm sewers over 27 inches in diameter are examples of items which are not viewed as road improvements and therefore are not eligible for subsidy.

Traffic signals are subsidizable at intersections which meet approved traffic flow criteria. They are funded as a special item outside of the normal allocation process in upper-tier municipalities. In lower-tier municipalities the signals are subsidized within the normal allocation if possible or if necessary under a supplementary allocation.

Expenditures submitted by rural municipalities (townships, improvement districts, Indian reserves and counties) may include actual capital and operating costs for road equipment, as well as overhead (clerical expenses, salaries and expense of engineering staff, stock handling etc.) directly attributable to road improvements. Since work crews and equipment in urban municipalities (cities, towns, villages and regions) are assigned to operations other than roads

(e.g. watermains, sanitary sewers etc.) equipment usage is charged at a common rental rate established by the Ministry in consideration of both operating costs and the purchase of capital items. Also, in urban municipalities overhead is not claimed directly as a subsidizable item of expenditure as it is in rural municipalities. Instead, subsidizable expenditure is increased by 7% as an allowance for overhead.

Contributions from other sources, such as those from the federal government and developers, as well as local improvement charges are deducted from expenditures eligible for subsidy unless otherwise authorized by the Minister.

Provincial Support

Grant rates for various types of municipalities have been established by legislation. The grant rates which are directly applied against approved expenditure are as follows:

Local road and bridge subsidies¹

	<u>Roads</u>	<u>Bridges</u>
Regions, counties and District of Muskoka	50% to 80%	50% to 80%
Metro Toronto	50%	50%
Boroughs	50%	80%
Cities and separated towns	50%	50%
Towns and villages	50%	80% ²
Townships, improvement districts and Indian reserves	50% to 80%	80% to 100%

1. Traffic signals are funded at 50% in both upper and lower-tier municipalities.

2. The Public Transportation and Highway Improvement Act states that assistance shall be granted at a rate "not exceeding 80%". Generally, bridges have been subsidized at the rate of 80%.

Development road agreements³

	<u>Roads</u>	<u>Bridges</u>
Townships	up to 100%	up to 100%
Towns and villages in territorial districts	up to 100%	up to 100%

3. The grant usually paid at a rate of 100%.

King's Highway connecting link agreements⁴

	<u>Roads</u>	<u>Bridges</u>
Cities and separated towns (construction only)	75%	75%
Towns, villages, townships & improvement districts (construction and maintenance) -		
- Population up to 2,500	100%	100%
- Population greater than 2,500	90%	90%

4. The Public Transportation and Highway Improvement Act states that the Provincial funds contributed are "not to exceed" the subsidy rates quoted. Generally, connecting links have been funded at the above rates.

Unincorporated areas⁵

	<u>Roads</u>	<u>Bridges</u>
Local roads boards	66 2/3% to 80%	66 2/3% to 100%
Statute labour boards	50%	100%
Groups and/or Individuals	50% to 100%	100%

5. In accordance with work orders the Ministry will carry out road work in unincorporated areas.

Studies on traffic operations,
needs and planning

Roads
75%

Bridges
75%

Subsidies

I Local road and bridge subsidies

(a) Upper-tier municipalities

Construction needs determination

Needs studies have been carried out by all upper-tier municipalities to identify and estimate the cost of improving those road and bridges which are deficient, as measured against established criteria. These data are updated annually by municipalities and are subject to scrutiny by the Ministry to ensure uniformity. Through these studies the Ministry gains a measure of the condition of the local road systems and also the overall cost in each to remove the deficiencies. Further, each year, and more thoroughly at the end of a five year planning period, the Ministry can obtain a measure of accomplishment in the road system in terms of road mileage improved or deteriorated. In this way, a measure of the trends in the condition of the system, overall or for an individual municipality, is obtained and the need for adjustments in the funding or spending levels is indicated.

In the early years of the program (1964-69), the Ministry's objective was to improve the upper-tier road system substantially. By 1969, this objective had been met sufficiently in most counties to warrant the need for a review of the objective.

As a result, the program objective became one of maintaining the overall condition of the system at the existing service level while providing an incentive to those counties with high construction needs and inadequate local resources to improve their systems. To do so, it was necessary to provide sufficient funds to eliminate deficiencies equivalent to those which were estimated to come into the system over the next five year planning period. Accordingly, it was decided to provide funds to eliminate 9% of the dollar value of current deficiencies each year within a five year period. Although the system is updated annually, a detailed update is made at the end of the planning period. When such an update was completed in 1974, it was established that the overall system had improved marginally.

Since 1969 the Ministry funding has been provided to eliminate 9% of the current deficiencies each year with the exception of 1976 when it was lowered to 8%. That decision was made because the 1974 update showed that the system had improved marginally. In addition, there were constraints on the Ministry budget. However, a review of the effect of that reduction in funding, the continuing effect of inflation and the availability of additional funds for 1977 led to the decision to return the funding level to 9% of the value of current deficiencies for 1977.

To determine the total spending objective for the municipality it is necessary to include funds for both

construction and maintenance. It has been the Ministry's policy to provide funds in recognition of the full amount for maintenance needs and the construction spending level necessary to meet the Ministry's objective. Until 1976, the municipally estimated annual expenditure for maintenance was generally accepted by the Ministry in establishing the municipality's overall spending objective.

Estimation of maintenance needs

During 1976, with the cooperation of the Municipal Engineers' Association, a method was developed for determining relative maintenance needs in each municipality.

Initially, the road mileage for each municipality has to be determined. This road mileage is adjusted by a number of factors reflecting the variation among municipalities in those conditions which affect maintenance requirements. Specifically, factors have been designed in consideration of the type of road, winter conditions, labour rates and material costs.

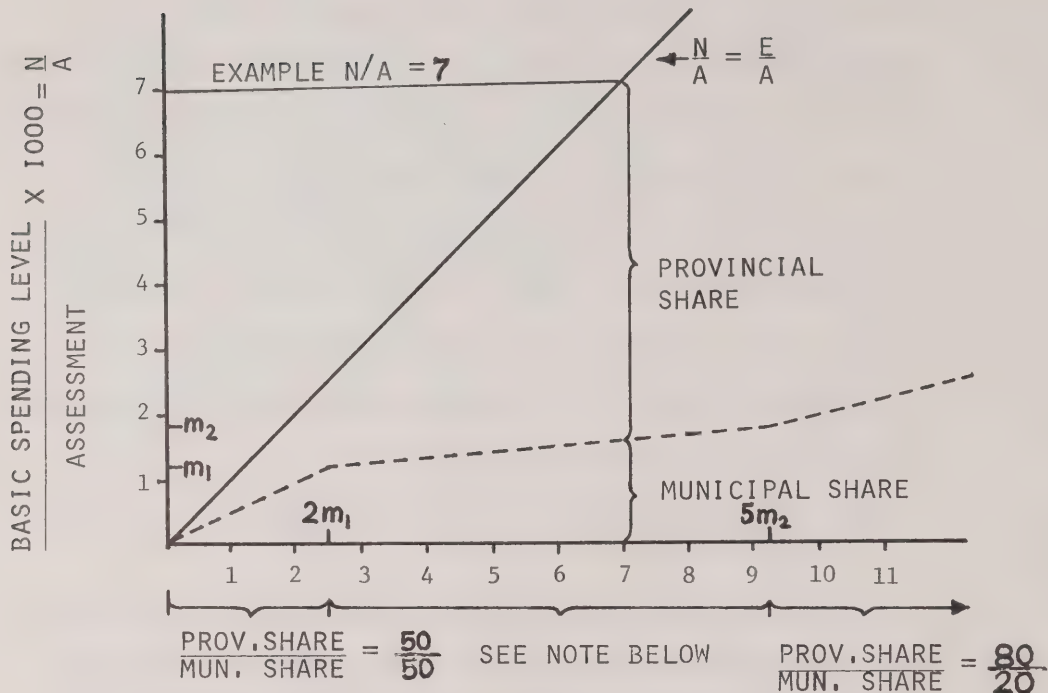
As a first step in estimating needs, a regression analysis is used to express historical expenditure per adjusted road mile as a function of traffic volumes and the percent of road miles considered to be deficient in each municipality. Taking any municipality's road mileage

deficiency and traffic volume, the regression would indicate what its average spending per road mile should be on the basis of historical data for all municipalities. Each municipality's spending per road mile arrived at in this way is then multiplied by its adjusted road mileage to produce a reasonable level of maintenance spending. This value is compared to the municipality's requested spending level and its historic spending level. To the extent permitted by the total amount of subsidy funds available, the Ministry tries to ensure that changes from the historical level are transitional.

Determination of grant rate

The grant rate, which is applied against the basic spending level, as determined above, is designed to hold to a reasonable level the tax effort that would be required for a municipality to attain its spending objective. Following this objective a mill rate set of m_1 and m_2 has been established for grant rate purposes. Spending levels which can be achieved at or below the lower mill rate (m_1) are subsidized at the rate of 50%. A more generous rate of support is given if the assessment base of the municipality is not adequate to achieve the spending objective at a mill rate of m_1 or less. Specifically, the grant rate increases from 50% to a maximum of 80% as the mill rate rises from m_1 to m_2 . Even if the mill rate goes beyond m_2 the grant rate remains at 80%. The variation of the grant rate with both the spending level and the mill rate is illustrated graphically on the next page.

UPPER-TIER FINANCIAL ARRANGEMENTS



$$\frac{\text{ACTUAL EXPENDITURE}}{\text{ASSESSMENT}} \times 1000 = \frac{E}{A}$$

NOTE:

$$\text{PROVINCIAL SHARE} = \left[1 - \frac{m_2 - m_1}{5m_2 - 2m_1} \right] - \left[\frac{3m_1 m_2}{\frac{N}{A} (5m_2 - 2m_1)} \right] \times \text{BASIC SPENDING LEVEL}$$

IF THE CALCULATION OF THE GRANT IS EQUAL TO OR LESS THAN 50 PER CENT THEN THE GRANT IS 50 PER CENT OF THE BASIC SPENDING LEVEL.

IF THE CALCULATION OF THE GRANT IS EQUAL TO OR GREATER THAN 80 PER CENT THEN THE GRANT IS 80 PER CENT OF THE BASIC SPENDING LEVEL.

IF $\frac{E}{A}$ IS LESS THAN $\frac{N}{A}$ SUBSTITUTE $\frac{E}{A}$ FOR $\frac{N}{A}$ IN THE FORMULA.

IF $\frac{E}{A}$ IS GREATER THAN $\frac{N}{A}$ USE $\frac{N}{A}$ IN THE FORMULA.

$2m_1$ and $5m_2$ ⁶ are the mill rate equivalents for the basic spending levels, corresponding to the mill rate set of m_1 and m_2 mentioned above. For a given level of taxable assessment, therefore, the grant rate increases from 50% to a maximum of 80% as the spending level increases between $2m_1$ and $5m_2$.

The specific formula by which the grant (Provincial share) is determined is shown below the graph. Since 1969 the mill rate limits have been set at $m_1 = 1.25$ mills and $m_2 = 1.875$ mills. Using these limits the formula for Provincial share of the basic spending level or grant can be simplified to $\frac{.90909 \times N}{1000} - \frac{1.02273 \times A}{1000}$, where $\frac{N}{1000}$ is the basic spending level and A is assessment.

The assessment data used in the grant calculation is the prior year's equalized assessment, obtained annually from the Ministry of Revenue. An assessment base, which included an assessment equivalent for payments-in-lieu of taxes, was established in 1969. Each year, for purposes of the rate calculation, this base is updated by the growth in local assessment over the previous two years.⁷ The assessment data used for the update is first ministerially adjusted to moderate annual fluctuations and to adapt the assess-

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6. If a 50% municipal share corresponds to a mill rate of m_1 the total expenditure has to correspond with a mill rate equivalent of $2m_1$. Similarly, for the municipal share of 20%, the total expenditure mill rate equivalent has to be $5m_2$.
 7. The update, therefore, does not take account of the growth in payments-in-lieu of taxes.

ment to the 1969 mill rate set being used for the grant calculation. When market value assessment becomes available, the Ministry will adjust the mill rate set and revise the formula accordingly.

(b) Lower-tier municipalities

Historically, lower-tier municipalities were allocated subsidy funds for maintenance and construction to suit the annual program which they established, subject to overall Provincial priorities. In 1974 a methodology was developed whereby the relative maintenance needs among lower-tier municipalities could be established by taking into account miles of road by type, and adjusting it for such factors as winter conditions, rural or urban subsidy arrangements, subsidy rates and levels of service. The level of service factor is established by a regression analysis using the historic (last three years) spending level, population and percent urban miles as variables. All factors and the regression analysis are updated annually to accommodate changes in municipalities' road systems.

The same factors, with the exception of those for winter conditions and urban/rural subsidy arrangements, are used to establish a basic construction level for each municipality. This basic construction level is adjusted on an individual basis to accommodate special circumstances

in individual municipalities and, in the case of smaller lower-tier municipalities, to provide for larger projects which could not be recognized or accommodated by any formulated process. This requires an intimate knowledge of municipalities' specific needs and priorities in order to establish a rational method of meeting requests within the limitations of the total Provincial funds available and subject to the overall comparative Provincial priorities of these larger projects.

It should be noted that allocations are not reduced abruptly for those municipalities which appear from the analysis to be spending above the normal level. Rather, annual increases are limited to a minimum percentage over the previous year. The increase allowed is somewhat less than the percentage increase in Provincial funds available. It is anticipated that over a period of a few years these municipalities will tend to reduce their spending levels and approach the average level for all municipalities. Experience of the Ministry since inception of this allocation method indicates a trend towards more consistency in spending levels.

(c) Grant limitations

The allocations provided to upper and lower-tier municipalities in the manner described above are the upper limits of grants. It should be noted that if a municipality spends less

than the expenditure required to produce a subsidy equal to the allocation, the grant is limited to the amount calculated on actual expenditure.

Over the years, the total amount of "underexpenditure" by municipalities as a whole has been relatively consistent. The amount of funds allocated is increased beyond the limit of the vote or total budget, with the knowledge and approval of the Management Board of Cabinet, by the amount anticipated to be "underspent". In this manner, any unused funds are redistributed in an equitable manner at the earliest date possible to those municipalities that require extra funds.

It should also be noted that the Ministry allocates all maintenance funds and approximately 95% of the available capital funds in the normal subsidy allocation which is provided in the first week of January. The remaining capital funds and those made available through anticipated under-expenditures are allocated on the basis of supplementary requests usually in May or June. These allocations are made on the basis of project priorities and are usually limited to high priority items such as structure replacement and major road projects, which cannot be funded within the normal allocation level and which cannot be deferred to a later year.

II Development road funding

Development roads may be designated in all townships,

and those towns and villages in territorial districts, having regard to the requirements of traffic and the economic situation of the municipality. Requests for assistance by designation of a development road are assessed using the following criteria:

- (1) the road for which assistance is requested must be critically deficient as defined by the "Municipal Roads Needs Study Inventory Procedure."
- (2) the municipality must be levying a minimum mill rate for road purposes. This minimum mill rate is reassessed annually depending on the total funds available under the subsidy program and whether or not the municipality contributes to an upper-tier road system.
- (3) the proposed project should be of a size that would create an economic hardship for the municipality and would be beyond the financial ability of the municipality even if the work were undertaken over a reasonable period of time under the normal subsidy program.
- (4) the municipality should normally be receiving a higher subsidy rate than 50%, as an indication that any major work would be an economic problem.

The Ministry has developed a method of reviewing the municipality's financial position for application of criteria

(2) and (3) by combining data from the lower-tier subsidy allocation program with assessment data from the Ministry of Revenue. Where special assistance is justified, the Minister may approve subsidies of up to 100% of the cost of the work deemed necessary. In most cases designations are made for one project which may be staged over one or more years as funding is available.

III King's Highway connecting link funding

Routes connecting a King's Highway or serving as an extension of the King's Highway in an urban municipality may be designated as a connecting link by the Lieutenant Governor-In-Council. Routes are chosen by the municipality, and where agreed, a recommendation is submitted by the Minister for the necessary order-in-council. Designated connecting link routes remain under the jurisdiction and control of the municipality.

Maintenance of connecting links is carried out as agreed by either the municipality or the Ministry with costs shared in accordance with the connecting link agreement. Where the municipality or the Ministry considers improvement is necessary to the road either party may present a proposal to the other and subject to the terms of the agreement payment is then shared by the second party.

IV Unincorporated areas

The Minister may arrange with groups in unorganized areas to undertake maintenance and construction work on public roads. In the case of statute labour boards or miscellaneous groups, Provincial funding is usually 50% of approved expenditure with 100% funding for bridges, culverts and major improvements. For local roads boards the basic rate of support varies from 66 2/3% to 80%, depending on crown lot assessment and the local mill rate, although specific approval may be given for up to 100% for major improvements. Local roads boards or groups contribute their share of the funds to the Ministry, which carries out the maintenance and improvements.

V Traffic operating studies, needs studies and transportation or planning studies

The Minister and any municipality may enter into an agreement for the preparation of a report on the whole or any part of the transportation system required to meet the needs of the municipality. A technical advisory committee, including Ministry representation, usually directs the studies.

Municipal Financing

The Ministry has no involvement in the municipality's method of financing road projects. If debentures are to be raised the Ontario Municipal Board occasionally checks before-

hand to ensure that the project is eligible for subsidy. Some municipalities may also choose to use local improvement charges to finance local road projects. Costs may be shared between municipalities, as in the case of boundary roads or where a county or region shares the cost with a lower-tier municipality. In these cases each municipality's net expenditure for road purposes would be eligible for subsidy.

Cash Flow of Grants

I Local road subsidies

Each municipality is automatically paid 30% of its initial subsidy allocation in April and a further 30% in July. During September to November in each year any municipality may submit an interim return, which, without other support, entitles the municipality to further subsidy in an amount determined on the basis of expenditure to date, and with a 10% holdback on the total subsidy due. Interim claims are accepted outside of this period if excessive payments can be demonstrated. Between January 1st and mid March of the subsequent year each municipality may file a "Return" for the prior year, and payment is made on the balance of the expenditures to the limit imposed by the subsidy allotted. Interim and final returns are checked by the engineer and subsequently audited, with any necessary adjustment made to the claim in question at that time or in the subsequent year where payment has been made. The cash flow, as described here, represents significant progress over that of five years ago

when, although interim payments were made prior to the final payment on actual expenditure, there was only one advance payment in July of each year⁸.

The following illustrates the cash flow process for a municipality receiving a 50% subsidy with a normal allocation of \$100,000 and a supplementary allocation of \$30,000.

Payment Date

By May 1	First advance payment: .30 x \$100,000	= \$30,000
July 15	Second advance payment: .30 x \$100,000	= \$30,000

Interim return show expenditures of
\$190,000 to October 31st.

Subsidy at 50%	=	\$ 95,000
Less 10% Holdback		<u>9,500</u>
		\$85,500
Less advance payments		<u>60,000</u>

December 1	Interim subsidy Payment	= \$25,500
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Final return shows expenditure of
\$260,000 to December 31st

Subsidy at 50%	=	\$130,000
Less previous payments		<u>85,500</u>

February 15	Final subsidy payment	= <u>\$44,500</u>
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Total subsidy payment	<u>\$130,000</u>
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8. Prior to 1963 there were no advance payments.

II Development roads, King's Highway connecting links, reports on transportation systems

Claims may be submitted for expenditures to date, usually each month, and payment is made on the basis of the agreement. The claims are reviewed by the engineer and are subject to final audit.

III Unincorporated areas

The funds of a local road board, group or individual are deposited with the Ministry and work is done as agreed up to the extent possible with such funds plus the Ministry's contribution. All expenditures are paid directly by the Ministry.

Availability of Federal Funding

The major source of federal funding are the grants made for railway grade crossings, assistance towards which is authorized under Parts II and III of The Railway Relocation and Crossing Act.

Under Part III federal assistance is forthcoming from the Railway Crossing Fund up to a stated maximum which depends on the type of project. The terms of assistance are as follows:

- (a) in the case of a railway crossing at grade level,
the aggregate of
 - (i) 80% of the cost of the work, as determined by

the Commission⁹, or \$1 million, whichever is the lesser amount, exclusive of the cost of any relocation of a public utility plant that is part of the work, and

(ii) 80% of the cost of any relocation of a public utility plant that is part of the work; and

(b) in the case of a reconstruction or improvement of a grade separation, the aggregate of

(i) 50% of the cost of the work, as determined by the Commission, or \$625,000, whichever is the lesser amount, exclusive of the cost of any relocation of a public utility plant that is part of the work, and

(ii) 50% of the cost of any relocation of a public utility plant that is part of the work.

Where the cost of a project exceeds the maximum which can be subsidized under Part III assistance may be available under the following terms under Part II:

(a) for construction of a grade separation

(i) whose costs are more than \$1,225,000 but not more than \$5 million, \$1 million plus an amount not greater than 60% of the costs in

9. Canadian Transport Commission.

excess of \$1,225,000 or

(ii) whose costs are more than \$5 million,
\$3,250,000 plus an amount not greater than
40% of the costs in excess of \$5 million, and

(b) for reconstruction of a grade separation

(i) whose costs are more than \$1,250,000 but
not more than \$5 million, \$625,000 plus an amount
not greater than 37.5% of the costs in excess
of \$1,250,000 or

(ii) whose costs are more than \$5 million,
\$2,031,000 plus an amount not greater than 25%
of the costs in excess of \$5 million.

(c) In the case of the construction of a new grade
separation which would have qualified for assis-
tance from the fund if a railway crossing had
existed for three years at the location of the
new crossing a special grant may be made in an
amount not exceeding 50% of the costs of
construction.

For projects under Part II of the Act application is
made by the province or by a municipality on behalf of the
province, authorization for which is obtained through order-
in-council. Municipalities apply directly to the Canadian
Transport Commission for assistance on projects covered
under Part III of the Act. In both cases, the balance of

payments made, after application of any federal grant plus railway contribution required under the Act, is then eligible for local road subsidy or for cost-sharing under the terms of any connecting link or development road agreement.

There are other sources for federal funding, such as the Department of Regional Economic Expansion, the Neighbourhood Improvement Program, and, in the past, the federal Winter Works Program. In these instances the net expenditure of the municipality is eligible for subsidy.

PUBLIC TRANSIT SUBSIDIES

Legislative Authority

The legislative authority for transit subsidies is The Public Transportation and Highway Improvement Act, R.S.O. 1970, Chapter 201 as amended. Part XIII of the Act covers the rapid transit construction program and Part XIII - A deals with the operating and capital subsidy programs.

Description

Provincial policy on transit subsidies was enunciated by Premier William G. Davis in a statement at the Ontario Science Centre on November 22, 1972. The transit subsidy package was designed as a fundamental means towards a "balanced transportation system with each mode playing its most efficient role".

The new emphasis to be placed on public transit was based on a growing awareness of the social costs that are connected with increased use of the private automobile and the construction of expressways. Accordingly, the Provincial urban transportation policy, as expressed by the Premier, was directed to the need for "community wide transportation systems that provide service and convenience but which will not depreciate nor destroy community life". In keeping with the new policy direction, the Premier announced an expanded transit capital grant program providing for subsidy on rolling stock.

Historical Development

- 1964 - First public transit subsidy offered in Ontario was paid to Metropolitan Toronto for the construction of the Toronto Transit Commission's east-west subway road bed¹. The subsidy rate was 33 1/3%.
- 1970 - January 1, the subsidy rate for subway road bed construction was increased to 50%.
- 1971 - Provincial operating subsidy was introduced by paying 50% of operating deficits incurred by municipal transit systems. In addition, as of July 1, all subway construction costs became eligible for Provincial subsidy.
- 1972 - December 1, the rate of subsidy for subway construction was increased to 75%. Also, a 75% subsidy for the purchase of surface capital assets such as buses, streetcars, trolley buses and related facilities was introduced.

The operating subsidy remained at 50% of the operating deficit. However, a formula involving population and ridership was established which limited the amount of subsidy payable to municipalities. Specifically, the grant to any municipality was limited to 2¢ per revenue paying passenger, plus \$1 per capita for population of less than 10,000 plus \$3 per capita for population in excess of 10,000. Expressed in this way, the ceiling was designed to encourage ridership and reflect the need of the municipality for transit.

1. The subway road bed is interpreted to encompass everything up to the base that the rail is on as well as the actual ties and rails.

- 1973 - The ceiling ridership factor was increased to 5¢ to increase the amount of subsidy paid, although the grant was still not to exceed 50% of actual deficits.
- 1974 - The operating subsidy formula restriction was removed on the understanding that all transit fares would be frozen at existing levels.
- 1975 - The restriction on fares was removed to alleviate financial pressures arising from steadily mounting transit deficits.
- 1976 - Provincial restraint program was introduced. Operating subsidy would remain at 50% of deficits but a subsidy ceiling was imposed, limiting the 1976 operating subsidy to the subsidy paid in 1975 plus 5%.
- 1977 - January 1, the basis for operating subsidies was changed from 50% of actual deficits to a new formula based on operating costs. The new subsidy is designed to encourage efficiency by varying the rate of grant directly with the percent of operating costs covered through fares.

Eligibility

To be eligible to receive transit subsidies, a municipality must operate by itself, or through a commission or private contractor, a transportation service on a fare basis to the public. Transportation by special purpose facilities such as school buses and ambulances are not eligible for subsidy.

Total Shareable Costs

The following table lists municipal shareable expenditures and Provincial subsidies in the period 1973 through 1977.

FINANCING OF MUNICIPAL TRANSIT

(\$ million)

<u>Shareable Expenditures</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977 (Est.)</u>
Operating (deficit)	47.4	72.4	91.7	92.9	108.4
Capital	23.0	21.9	45.3	32.0	39.3
Rapid Transit (Subway)	23.9	33.8	73.0	99.5	98.7
Demonstration Projects	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Total	94.3	128.1	210.0	224.4	246.4
<u>Prov. Subsidies Paid</u>					
Operating	18.4	36.2	45.7	46.5	52.8
Capital	17.2	16.4	33.7	24.0	29.5
Rapid Transit (Subway)	14.4	24.6	54.7	74.5	74.0
Demonstration Projects*	<u>N/A</u>	<u>N/A</u>	<u>5.9</u>	<u>3.4</u>	<u>1.6</u>
	50.0	77.2	140.0	148.4	157.9
<u>Municipal Share</u>					
Operating	29.0	36.3	46.5	46.4	55.6
Capital	5.8	5.6	11.6	8.0	9.8
Rapid Transit (Subway)	9.5	9.2	18.3	25.5	24.7
Demonstration Projects	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
	44.3	51.1	76.4	79.9	90.1

* Prior to 1975 demonstration projects were carried out by the Province.

The municipal share of the total shareable expenditures does not represent total municipal spending on transit. Certain capital items are not eligible for capital subsidy and thus these expenditures are not reported by municipalities (see below). However, depreciation on these non-eligible assets is included in operating expenses, thereby forming part of the deficit eligible for the operating subsidy.

With the operating subsidy, all reasonable expenditures required for the operation of a transit system may be included in calculating the operating deficit.² The governing factor behind this policy is the application of generally accepted accounting principles for business organizations as outlined by the professional accounting bodies. However, the following expenditures are ineligible for subsidy.

- (a) the cost of purchasing or operating special equipment or buses for disabled persons, senior citizens, etc.
(Five municipalities will receive special subsidy in 1977 and in 1978 for transit service for the disabled under a Provincial pilot project. The funds for this project are being provided by the Ministry of Community and Social Services).
- (b) the 25% municipal share of the cost of capital items (or the associated depreciation) where the purchase of these assets is eligible for capital subsidy.
- (c) interest charges or other costs associated with short-term borrowings (the interim subsidy payments available to municipalities should eliminate the need for short-term borrowing).
- (d) the 25% municipal share of the cost of transit studies.

Not all capital expenditures are eligible for the capital subsidy of 75%. Subsidy is available for the following items under the transit and rapid transit capital subsidy programs:

2. The operating deficit is the difference between operating costs and the revenues derived from fares.

- (1) the purchase of urban surface transit vehicles.
- (2) certain major rebuilding or remotoring of urban transit vehicles such as streetcars or trolley buses.
- (3) the acquisition of land and major renovation or construction of buildings.
- (4) the service vehicles that are used for the towing or repair of transit equipment in the field.
- (5) roadside passenger shelters.
- (6) subway capital costs - the purchase of subway cars and subway construction costs. The latter is interpreted quite broadly to include even such works as the replacement of worn-out items. Precautions are taken, however, to ensure that items properly chargeable to transit operations are not subsidized under the subway capital program.

Any purchase of an asset under the capital subsidy programs must be approved by the Minister.

Provincial Rate of Support

(a) Operating

Since the inception of the operating program in 1971, the grants payable have been equal to 50% of operating deficits, subject to the ceilings computed from the limiting formulas of 1972 and 1973. There were no ceilings imposed during 1974 and 1975. The 1976 grants were generally limited to a maximum of 105% of the 1975 grant paid. A few exceptions had to be made where strikes or special circumstances occurred in 1975, causing lower than normal subsidies to be paid in that year. For example, the London transit system experienced a 9

week transit strike in 1975. To obtain the maximum operating subsidy payable in 1976, the Ministry recalculated what the operating subsidy would have been in 1975 if the strike had not occurred and based the 105% on the revised 1975 subsidy estimate.

The 1977 grant which is to be based on a percentage of operating costs is subject to a ceiling of 75% of the operating deficit. A municipality will not receive less subsidy in 1977 than it received in 1976. In addition, special operating subsidy is available to municipalities where annual population growth exceeds 4%. This special grant includes a 1 1/2% increase in subsidy on total operating costs for each percentage increase in population over 4%.

For purposes of the subsidy calculation municipalities have been grouped by population size and each group has been assigned a target revenue-cost recovery ratio. The subsidy rate is computed as 50% of the difference between revenues and costs when target fare recovery is achieved or, in more concise terms, as 50% of the theoretical deficit. Each municipality's subsidy is determined by applying the grant rate for the relevant population range to the total operating costs of the local transit system. The table below illustrates the population groups and revenue/cost targets which determine the rate of operating subsidy payable.

<u>Population</u>	<u>Revenue/Cost Target</u>	<u>Subsidy as % of Operating Cost</u>
0 - 100,000	50%	25%
100,001 - 150,000	55%	22.5%
150,001 - 200,000	60%	20%
200,001 - 1,000,000	65%	17.5%
Over 1,000,000	72.5%	13.75%

This subsidy method embodies the incentive principle that an efficient operator, exceeding the revenue/cost target, can actually receive an effective subsidy in excess of 50% of the deficit. For example, if a municipality in the 0 to 100,000 population range with a 50% target had operating costs of \$10 million, revenues of \$5.5 million and a resulting deficit of \$4.5 million, the Province's subsidy of \$2.5 million would finance 55.5% of the actual deficit. Conversely, it follows that a municipality falling below its target would receive an effective subsidy which is less than 50% of its deficit.

(b) Capital

The Province pays 75% of the cost of purchasing eligible capital assets as outlined under "Total Shareable Costs" above.

(c) Transit Studies

The Province provides funding towards approved transit studies, subject to a maximum of 75% of the costs incurred.

(d) Demonstration Projects

The Province provides up to 100% funding for the transit demonstration program which is designed to improve the state of the art of transit service and thus render the industry more effective. Since 1972 the Ministry has funded the following demonstration projects:

1. North York Dial-A-Bus - introduced in the fall of 1973 to determine if it could effectively serve residential areas which were not within walking distance of conventional fixed route transit service. The project, due to high costs, was terminated in the spring of 1976.
2. Sudbury Shift Transit (Worker Bus) - began in November, 1972 to ease automobile congestion during shift changes at several mine smelters and refinery operations in the Sudbury vicinity. This demonstration was successfully completed in November, 1975 and was transferred to the City of Sudbury which is now operating it as a regular transit service.
3. TTC Communications Information System - commenced in 1974 to demonstrate automatic vehicle monitoring techniques which permit the monitoring of a bus fleet on a continuing basis. This allows the transit system to quickly respond to unforeseen operating problems, thus assisting in scheduling, dispatching and control of both equipment and driver. The Ministry assumed 100% of the

external costs (equipment and consultant costs) of this program and the TTC paid its own internal costs (salaries and administrative costs). This project is expected to be completed in 1978.

4. Peterborough Trans-Cab - initiated in the Kawartha Heights suburb of Peterborough in May, 1974 as an alternative to a fixed-route bus that was incurring high deficits. The project was similar to dial-a-bus, except that taxicabs were used rather than a fleet of minibuses. After a successful demonstration, the City of Peterborough took over Trans-Cab on February 8, 1975. This service then became eligible for normal operating subsidy.
5. Kingston Transit Marketing - introduced in September, 1974 to determine the effect of an aggressive marketing program on increased transit ridership. Various phases of the program were implemented during 1975 which involved comparing Kingston with three other cities that had varying degrees of marketing programs on-going during the demonstration period.
6. TTC Purchase of 75 Light Rail Vehicles - involves the Ministry and the Urban Transit Development Corporation in the development of a new generation of light rail vehicles. Included in the program will be two prototype articulated light rail vehicles. This program is expected to be completed in 1979.

7. Articulated Buses (Ottawa, Hamilton, Mississauga) - the project has just commenced. It involves the purchase of approximately 50 articulated buses³ in order to test the viability of these vehicles on high demand transit routes within the above-mentioned cities.

Municipal Financing of Services or Projects

The Ministry is not involved in the municipality's method of financing the municipal share of either the transit operating deficit or the cost of assets subsidized under the capital program. Both local taxation and debenture issues are used by municipalities to finance their share of transit and capital expenditures, respectively.

In order to reduce deficits, most transit properties obtain additional revenue by operating local charter services for groups such as hockey teams, etc., and selling advertising space on transit vehicles.

Three municipalities supply transit service to adjoining municipalities: Kitchener/Waterloo, Sarnia/Point Edward/ Sarnia Township and St. Catharines/Thorold. The municipality receiving the service is billed at a prearranged rate which covers actual costs. The cost to the receiving municipality is eligible for subsidy, but this amount must be deducted for subsidy purposes from the total costs of the municipality supplying the service.

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3. An articulated bus is 60 feet in length compared to the normal 40 feet and is joined two-thirds of the way by an accordion or hinge arrangement which permits the bus to bend easily while rounding corners.

At present, there are three regional transit services -- Ottawa-Carleton, Hamilton-Wentworth and Metro Toronto. The local municipalities receiving transit service under the regional system are assessed a transit levy by the region to cover operating deficits plus any specified portion of capital.

Cash Flow of Grants

From April to December in each year, interim requests for subsidy may be made by a municipality. There is no limit on the number of requests that may be made, although for practical purposes a maximum of monthly requests is encouraged. The interim request must be accompanied by a financial statement and a declaration by the treasurer of the municipality. Final claim for subsidy must be made prior to March 31 for the previous year.

Not all municipalities are taking advantage of interim subsidy claims. If all municipalities claiming operating grants had made monthly interim claims during April to December 1976, 450 claims would have been processed. The Transit Office actually processed 120 claims during the period, approximately 27% of the total possible. Thirteen municipalities did not make any interim claims for payment during 1976.

By the issuance of a transit manual, detailing the claim procedures, the percentage of regular interim claims has improved substantially. The cash flow from the Province to the municipalities has thus improved.

All claims are audited by the Ministry. Any audit adjustments are made the following year on the final subsidy claim.

Availability of Federal Funding

Negotiations have been conducted with the federal government regarding its assistance program for transit as promised prior to the last federal election in 1974. Unfortunately, Ottawa has recently withdrawn that offer of assistance on local transit systems. To date, no further federal commitments to municipal transit have been made with the exception of some transit demonstration projects which have been set up in selected municipalities, and are administered by the federal Transportation Development Centre. The T.D.C. projects in Ontario are:

Automated Bus Passenger Information System for Mississauga Transit

- equipment to be installed in buses and on streets which transmits the exact location of each bus to a computerized control centre. People telephoning the control centre will be told when the next bus will arrive at their bus stop, thereby minimizing passenger waiting time. Subsidy will

be a maximum of \$1,000,000 to cover consultant and equipment costs.

Computerized Scheduling Program in Sudbury

- a consultant has developed a program for small transit systems which will allow a transit scheduler to use a computer to assess all combinations of drivers and vehicles being assigned to different bus routes. At present, all of this work is done manually.

Evaluation of Ottawa Pass System

- Ottawa-Carleton is selling monthly bus passes instead of tickets. Approximately 30% of the passengers use passes. TDC has agreed to evaluate data from the Ottawa system to assess the pros and cons of using passes. Cost of evaluation is unknown but probably minimal.

URBAN EXPRESSWAY AGREEMENTS

Legislative Authority

The legislative authority for expressway agreements is Section 91 of The Public Transportation and Highway Improvement Act, R.S.O. 1970, Chapter 201, as amended.

Description

The purpose of urban expressway agreements has been to assist in providing an extension of King's Highway service by means of controlled access facilities through urban municipalities. These special agreements were designed to recognize the provincial significance of traffic movements which urban expressways serve in areas of continuous urban development.

Background and Development

Special agreements have been established with fourteen municipalities since the initial agreement for the Ottawa-Queensway in 1957. Under present agreements the Province and municipality share on a 75 - 25 basis the costs of a route evaluation study, design, property acquisition, construction and maintenance.

Design is carried out under the direction of a technical advisory committee composed of representatives from the municipality and the Ministry. Property acquisition is generally undertaken by the municipality and it charges the Ministry for its share of the cost of the purchase. Construction and

maintenance are performed by the Ministry which bills the municipality for the local share of the costs of these functions.

Some expressways were being developed under different arrangements than above for sharing responsibilities and costs. These early agreements have since been modified to complete the expressways under the terms outlined.

In June 1975, the policy for urban expressway agreements was reviewed and the following revisions were made:

1. An urban expressway will become a responsibility of the Province where it provides a King's Highway service for movements of provincial significance;
2. Where an urban expressway provides service of a local nature, such as an access route into a municipality, it will form part of the municipal road system and normal municipal grant arrangements will apply.
3. The revised policy is to be applied gradually to allow projects presently under construction to be completed under the existing agreements.

Agreements with five municipalities have been cancelled in conformity with the policy. Construction agreements with five municipalities are continuing and active. Upon completion of construction these roads will become the responsibility of the

appropriate level of government in accordance with the policy guidelines above. The remaining four agreements were initiated for route planning studies and land acquisition only, without further progress to date. It is similarly expected that if construction goes ahead in these cases, jurisdictional responsibility will be determined on the basis of the above criteria.

Eligibility

The urban expressway agreements were established to resolve a specific urban transportation problem which had been recognized jointly by the Ministry and a municipality.

To be eligible for assistance as an urban expressway or freeway, the proposed route must fall within the following definitions per Section 91(6) of the Act:

"expressway means a divided arterial highway that is accessible only from intersecting arterial streets at intersections at grades that have been approved by the Minister, and where required by the volume of traffic, at grade separated interchanges that have been approved by the Minister."

"freeway" means a divided arterial highway that is accessible only from intersecting arterial streets at grade separated interchanges that have been approved by the Minister.

Shareable Costs

The following table lists the Ministry expenditures under urban expressway agreements from 1973/74 to 1977/78:

1973/74	1974/75	1975/76	1976/77	Estimated 1977/78
(\$000)				
\$3,944	\$5,920	\$6,070	\$4,723	\$5,604

In general, all costs for property acquisition, road maintenance, construction, planning and design for the project under agreement are eligible for sharing. Contributions from other sources such as the Railway Grade Crossing Fund are deducted for the purpose of cost-sharing (c.f. municipal road grants).

Provincial Support

No specific cost-sharing ratio is laid down in the Act. Agreements currently in existence require the share to be 75% Provincial and 25% municipal.

Municipal Financing

The Ministry is not involved in the municipalities' methods of financing the municipal share of urban expressway costs. Both local taxation and debenture issues have been used by municipalities to finance their share.

Where an urban expressway passes through more than one municipality the municipalities have entered into mutual agreements to share the local liability.

Cash Flow of Grants

Generally, the agreements require that the municipality purchase and pay for the required property while the Ministry is responsible for design, construction and maintenance. The agreements specify the reimbursement procedures between the parties for the respective shares. The reimbursements are made on a progress payment basis as the project proceeds and any recoveries from a municipality are credited to the Consolidated Revenue Fund.

Availability of Federal Funding

With the exception of federal funding assistance for railway grade separations, the involvement of the federal government has been limited to participation in the agreement for the Ottawa-Queensway since this expressway crossed federal property.

Under a 1957 agreement the required property was provided by the City of Ottawa and the federal government. A contribution was made by the federal government towards the construction costs and the remaining costs were shared 50-50 between the Province and city. Landscaping of the right-of-way was performed by the National Capital Commission and the city paid 100% of the maintenance cost. In 1970, however, construction and maintenance became shareable 25% by the City of Ottawa and 75% by the Provincial government with landscaping performed by the National Capital Commission. In 1976, the Ministry of Transportation and Communications assumed full responsibility for construction and maintenance.

MINISTRY OF TREASURY, ECONOMICS,
AND INTERGOVERNMENTAL AFFAIRS

DISASTER RELIEF

Legislative Authority

Authority for payments under this program is derived from approval of Expenditure Estimates by the Legislature. Cabinet approval is required prior to allocating funds to municipalities in need of disaster relief.

Description

In the event of a natural disaster resulting in substantial losses arising from damage to certain types of private property, the Province may provide financial assistance to the municipality or municipalities involved.

This program covers damage to principal year-round residences and relevant furnishings and equipment, farm buildings, and small business structures. It is applicable only to areas designated by Cabinet as Disaster Areas. Funds collected by local Disaster Relief Committees established by municipalities are matched by the Province on a dollar-for-dollar basis.

Historical Development

This program was instituted in 1954 after Hurricane Hazel to ensure that Provincial assistance would be available on an emergency basis to areas struck by natural disasters. There have been no changes to the program since its inception.

Eligibility

Assistance under the Disaster Relief program is available for:

- . The restoration or replacement or repairs to pre-disaster condition of the principal, year-round residence or farm buildings of a private citizen, including the house, equipment, chattels and furnishings of an essential nature such as stoves, refrigerators, beds and furnaces.
- . The restoration or replacement or repairs to pre-disaster condition of the buildings and equipment owned by small businesses.

Damage to public property is not eligible for assistance.

In addition, costs of repairs to summer cottages, trailers, boats, swimming pools, landscape and fencing, compensation for personal injury, or loss of business revenue would not qualify under this program.

Provincial Support

The Province provides to local disaster relief committees 50 per cent of the costs of repairing damage caused by a natural disaster, subject to the raising of equivalent funds locally. Total costs eligible for assistance are exclusive of any amounts covered by private insurance or from the federal government through the Canadian Disaster Relief Fund.

In recent years the demand for assistance under this program has been modest.

DISASTER RELIEF PAYMENTS

1974-75 to 1976-77

(\$000)

Essex-Kent Flood Relief Fund (1974-75)	172
Grand River Disaster Relief Fund (1974-75 and 1975-76)	1,918
Turnberry Township Disaster Relief Fund (1976-77)	<u>2</u>
TOTAL	2,092

Municipal Financing

The local share of repair costs may be raised from municipal sources, corporations, agencies, societies, or individuals.

Cash Flow of Grants

Normally the Province makes its contributions after all claims are settled and after the accounts of the Disaster Relief Committee have been audited by the municipal auditor.

Where the municipality requires a bank loan to settle property owners' claims pending receipt of the Provincial contribution, the Province will reimburse the municipality for the interest on the loan.

In certain circumstances, the Province will agree to an advance payment process. Advance and progress payments are made upon receipt of a statement of expenses to date and a request for reimbursement.

Availability of Federal Funding

There has not been any federal funding in recent years towards the Province's Disaster Relief program due to the small amount of Provincial expenditure. In the event of a major disaster, the federal government will contribute towards those repair, restoration, or replacement costs which exceed \$1.00 per capita based on the population of the province. For costs beyond this level, federal sharing is available on the following basis:

- . 50 per cent of the next \$2.00 per capita of Provincial expenditures;
- . 75 per cent of the next \$2.00 per capita of Provincial expenditures;
- . 90 per cent of the remainder.

Unlike other federal-provincial cost-sharing programs in which sharing is available on the combined net Provincial and municipal expenditures, federal assistance towards disaster damage is applied solely to Provincial expenditure.

SPECIAL EMERGENCY ASSISTANCE

Legislative Authority

Payments under this program are authorized under Order-in-Council 2170/73, August 29, 1973.

Program Description

The purpose of the program is to provide financial assistance to municipalities towards the cost of dyke repair, road repair, pumping-off of flood waters and temporary dyking necessitated by high water levels on the Great Lakes.

Background and Development

With water levels already at a peak in 1972 and 1973, the occurrence of heavy storms in the spring of 1973 brought about significant damage due to flooding and wave action. This program was established to provide financial relief to those municipalities suffering flood damage.

Eligibility

The damage sustained must stem from water action from the Great Lakes. Works of an emergency nature considered eligible under the program would be those undertaken by a municipality to maintain an adequate level of service by repairing damage to or preventing the flooding or erosion of facilities for which the municipality is directly responsible, or by providing alternative means or facilities.

The cost of emergency works undertaken is the amount determined as the aggregate of expenditures in the following classes incurred by the municipality:

- (a) Where the municipality undertakes works by contract:
 - (i) payments made pursuant to a contract for the construction of works entered into by the municipality with contractors;
 - (ii) payments in respect of construction materials purchased by the municipality that are necessary for the construction of the works and are furnished to a contractor and used in the works.
- (b) Where the work is undertaken directly by a municipality:
 - (i) payments in respect of wages, including statutory fringe benefits and benefits covered by collective bargaining agreements required in connection with labour forces, for anyone other than full-time municipal employees engaged on the eligible works;
 - (ii) in the case of full-time municipal employees, payments in respect of overtime wages and related benefits;
 - (iii) payments in respect of the normal operating, maintenance and transportation expenses incurred by the municipality which are made while performing the repair work at the rates normally determined by the municipality;

- (iv) payments in respect of the rental of equipment not owned by the municipality in accordance with the usual schedule of rates used by the municipality;
 - (v) payments in respect of materials used in the emergency works.
- (c) Other eligible costs:
- (i) payments made in connection with the eligible works for engineering services not provided by the municipality;
 - (ii) payments in respect of interest charges on temporary financing for the cost of the eligible works.

Provincial Support

The Province shares in the costs of eligible emergency works undertaken to the extent of 80% of the final actual eligible costs. Any other Provincial contributions made or to be made in connection with such works are deducted from the Provincial share under this program.

Since the inception of the program in 1973-74, grants from the Province have totalled \$5.58 million covering 184 projects.

SPECIAL EMERGENCY ASSISTANCE PAYMENTS TO MUNICIPALITIES

1973-74 TO 1976-77

(\$000's)

<u>Fiscal Year</u>	<u>Interim Payments</u>	<u>Final Payments</u>	<u>Total</u>
1973-74	2,734.9	104.5	2,839.4
1974-75	873.8	302.9	1,176.7
1975-76	228.6	370.0	598.6
1976-77	850.0	115.5	965.5
(to Feb. '77)			
TOTALS:	4,687.3	892.9	5,580.2

Municipal Financing of Projects

Financing of the balance of the project costs is generally channelled through local taxation. Where the project has been treated as an improvement under the terms of The Drainage Act, the local share of costs is charged to the benefitting landowners in the ratio of the taxable assessment of all benefitting properties.

Cash Flow

Upon Provincial approval of the project, the Province will advance to the municipality funds equal to 60% of the total estimated eligible expenditures. On submission of the final

claim by the municipality after completion of the project, the Province pays the balance of the grant to a maximum of 80% of the actual eligible costs.

An audit of the project costs is carried out by the Province after the final payment. Any amount of overpayment is recovered from the municipality, and any underpayment is immediately forwarded.

Federal Funding

Where any federal funding is available to the municipality for part of the project costs, such grants are to be deducted from the total project cost before the 80% Provincial grant is calculated. In the event of a major disaster, the federal government will contribute towards repair, restoration or replacement costs which exceed \$1.00 per capita based on the population of the province. For costs beyond this level, federal sharing is available on the following basis:

- 50 per cent of the next \$2.00 per capita of Provincial expenditures;
- 75 per cent of the next \$2.00 per capita of Provincial expenditures;
- 90 per cent of the remainder.

Unlike other federal-provincial cost-sharing programs in which sharing is available on the combined net Provincial and municipal expenditures, federal assistance towards disaster damage is applied solely to Provincial expenditure.

STUDENT INVOLVEMENT IN MUNICIPAL ADMINISTRATION

Legislative Authority

This program operates under authority vested through approval of the Legislature through the annual Expenditure Estimates and Cabinet.

Description

The Province provides salary support to those municipalities that hire university students who are enrolled in designated programs of study. The intent of the program is for the students to undertake special approved projects which will not only benefit the municipality but also provide the students with some training and experience related to his or her career aspirations in local government.

Background and Development

The program was instituted on a trial basis in 1972 as a means of assisting municipalities or planning boards in hiring summer students enrolled in university planning courses. Initially, the grant provided 80% of the gross salary cost to a maximum of \$700 per municipality. In 1973, it was expanded in scope and students in administration fields were also allowed to participate, although only a limited number of administration students were allowed. The amount of Provincial reimbursement was increased to \$100

per student per week for a period of 17 weeks, with a limit of 3 students per municipality. In 1975, the program was expanded further and the period was extended to 20 weeks, with a limit of 4 students per municipality. Since 1975, the program has been rather neutral in terms of the demand for students, although a number of municipalities have requested that the program be expanded to other fields.

Eligibility

In order for a municipality to qualify for assistance, the following conditions must be met:

- . the student must be enrolled in urban and regional planning, in public or business administration, or in related programs of study such as urban geography, political science, economics and commerce, provided that the courses contain a significant component applicable to local government;
- . the student will receive training and experience in the planning or administration fields which, at the same time, will be beneficial to his or her academic studies;
- . an appropriate senior staff member from the same functional area must be responsible for determining and supervising the work program of the student.

Provincial Support

The Province subsidizes 80% of the gross salary, including fringe benefits, for each student to a maximum of \$125 per student per week.

The following table reflects the growth in the amount of Provincial subsidies since 1972:

<u>Year</u>	<u>No. of Municipalities</u>	<u>No. of Positions</u>	<u>Calculation of Reimbursement</u>	<u>Total Subsidies</u>
1972	9	75	80% x Gross Payment Max. of \$700/Mun.	\$ 6,300
1973	73	135	80% x Gross Payment Max. \$100/Man-Week, 17 Weeks	185,000
1974	126	262	80% x Gross Payment Max. \$100/Man-Week, 20 Weeks	436,000
1975	157	347	80% x Gross Payment Max. \$100/Man-Week, 20 Weeks	565,000
1976	190	344	80% x Gross Payment Max. \$125/Man-Week, 20 Weeks	750,000

The average municipal share of payroll costs rose over recent years to approximately 40% in 1976 on a gross payroll cost of \$160 per week. The gradual rise in the municipal share resulted from substantial increases in salaries over the past four years whereas maximum Provincial support was held constant.

Cash Flow of Grants

As applications are approved during April and May of each year, 80% of the approved subsidy is forwarded in advance. The balance is paid upon the completion of work programs and the submission of final claims.

Availability of Federal Funding

Federal funding is not available towards this program.

GENERAL SUPPORT GRANT

Legislative Authority

This grant is authorized under Section 15 of The Ontario Unconditional Grants Act, 1975.

Description

The General Support grant (GSG) attempts to alleviate the problem of fiscal imbalance at the local level which confronts both resource-poor and resource-rich municipalities.

Background and Development

When the GSG was introduced in 1973, the grant rate was related inversely to the rate of increase in municipal spending; that is, the lower the percentage increase in annual expenditures relative to the previous year, the higher the rate of grant. For rapidly growing municipalities, the spending growth rate was adjusted to account for any assessment increase above 4 percent. This incentive for municipal economy was intended to encourage local governments to pass the benefits of the grant to local taxpayers, in the form of tax reductions, rather than simply increasing spending levels.

In 1974, in recognition of mounting inflation and cost pressures, the grant rates were increased. The original and revised grant rate schedules are detailed in the following table:

Table 1

General Support Grant Rate Schedule, 1973 and 1974

<u>Spending Growth Rate</u>	<u>GSG Rate</u>	
(%)	(%)	
	<u>1973</u>	<u>1974</u>
8 or less	6	9
9	5	8
10	4	7
11	3	6
12	2	5
13	2	4
14 or more	2	3

In 1975, the sliding grant rate was replaced with a flat 6 percent rate. Those municipalities that received a higher grant rate in 1974 were guaranteed at least 95 percent of their 1974 grant. The mid-point of the 1974 grant rate range was chosen after municipalities indicated that if the sliding scale rate were retained severe problems would be encountered in qualifying for the maximum grant rate. This was especially pertinent for urban municipalities facing high costs and growth pressures. For the Province, the change had the added advantage of simplifying the grant administration process.

Eligibility

All municipalities, both lower-tier and upper-tier, are eligible.

Provincial Support

The GSG amounts to a flat 6 percent of the municipality's net general dollar levy.

For lower-tier municipalities, the net general dollar levy consists of the following items for the prior year: lower-tier municipal levies, payments-in-lieu of taxes, telephone and telegraph taxes, resource equalization and support grant entitlements, and changes in surplus. In addition, special-purpose levies for upper-tier purposes are included.

For upper-tier municipalities, the net general dollar levy is also based on the prior year and consists of the general purpose requisition, support grant entitlements, and changes in surplus.

The basis for the GSG formula is explained as follows:

- 1) Grant rates are determined according to the total amount of funds available under the program.

- 2) Revenue vs. expenditure needs: Although the pressures of general financing are closely related to local expenditure needs, it is difficult to measure these needs. Municipal levies were therefore chosen as an approximate measure of local needs as was done with the Resource Equalization grant.
- 3) Tax levies vs. expenditure: Another reason for basing the grant on municipal tax levies was the objective of reducing local tax burdens. This could not be directly achieved by using expenditure as the grant base.
- 4) Tax effort: As with the REG, the support grants are directly related to local tax effort -- the higher the municipality's tax effort, the higher are its support grants.

Provincial support to municipalities through the GSG is shown in the following table.

Table 2

Total General Support Grants, 1973-77

	<u>Lower-tier</u> <u>Municipalities</u>	<u>Change</u>	<u>Upper-tier</u> <u>Municipalities</u>	<u>Change</u>	<u>Total</u>	<u>Change</u>
	(\$000)	(%)	(\$000)	(%)	(\$000)	(%)
1973	41,394		11,358		52,752	
		31.9		30.5		31.9
1974	54,588		14,822		69,410	
		19.5		59.9		28.1
1975	65,210		23,694		88,904	
		7.8		1.8		6.2
1976	70,270		24,111		94,381	
		9.0		34.5		15.5
1977 (est.)	76,568		32,423		108,911	

Cash Flow

See the description of the Resource Equalization grant.

Federal Funding

Federal funding is not available for this grant program.

DENSITY PER CAPITA GRANT

Legislative Authority

This grant is authorized under Sections 3 and 4 of The Ontario Unconditional Grants Act, 1975.

Description

This grant provides assistance to regional municipalities in recognition of the higher per capita cost of servicing sparsely populated area municipalities. It is based on a grant schedule that inversely relates population density to the per capita rate.

Background and Development

The grant, introduced to 1970, has remained unchanged. The total grant, however, increased substantially in 1974 as a result of the creation of 5 new regional municipalities.

Total Density Grants (1973-1977)

	<u>Total</u> ((\$000)	<u>Change</u> (%)
1973	2,909	72.0
1974	5,003	8.3
1975	5,420	1.1
1976	5,478	0.9
1977	5,530	

Eligibility

Regional municipalities (including District of Muskoka and the restructured County of Oxford) may receive this grant on behalf of an area municipality with a sufficiently sparse population.

Provincial Support

The grant is based on the population sparsity of each area municipality according to the following schedule:

<u>Density</u>	<u>Per Capita Amount</u>
(No. of households per acre)	(\$)
0.15 and under	5.00
Over 0.15 to 0.30	4.00
Over 0.30 to 0.45	3.00
Over 0.45 to 0.60	2.00
Over 0.60 to 0.75	1.00
Over 0.75	Nil

The per capita amounts are applied to municipal grants population (refer to Resource Equalization grant section for details of the population calculation).

As with other per capita grants paid to regions, upper-tier municipalities are required to apply the grant against the upper-tier requisition of an area municipality on the basis of grants population.

Cash Flow of Grants

Payment is made in June for the full amount of the grant.

Availability of Federal Funding

Federal funding is not available for this grant program.

GENERAL PER CAPITA GRANT

Legislative Authority

This grant is authorized under Sections 3, 4, and 5 of The Ontario Unconditional Grants Act, 1975.

Description

This grant provides assistance towards the cost of municipal services. It is based on an incrementally progressive per capita rate schedule which recognizes that municipalities with larger populations incur higher per capita expenditures in providing municipal services.

Background and Development

Before 1972, the unconditional per capita grant was based on municipal status and population size. Under the rate schedule, metropolitan, regional and city municipalities received the highest rates, and townships received the lowest rates. In recognition of the larger per capita expenditures that municipalities with larger populations made in providing municipal services, the per capita rates increased with population size in each status category. These higher rates, however, applied to the entire population.

In 1972, this rate schedule was replaced with a single progressive scale related solely to population as recommended by the Ontario Committee on Taxation. Since this revision, the higher per capita rates apply to the increases in population above the margin rather than to the entire population of the municipality. In addition, metropolitan and regional municipalities were paid \$8.00 per capita.

Prior to 1975, unconditional per capita grants were directed towards the benefit of residential taxpayers by means of the "split mill rate",* i.e. the residential mill rate was lower than the commercial mill rate by the mill rate equivalent of the grant. This resulted in varying mill rate differentials depending on the residential-commercial assessment mix in a municipality. A higher proportion of commercial assessment meant a wider mill rate differential. In 1975, the mill rate differential was standardized at 15 per cent for all municipalities thus removing the unconditional grant from calculations of mill rates.

Changes in General Per Capita Grant Rates (1972-1977)

	<u>1972-1973</u>	<u>1974-1976</u>	<u>1977</u>
Non-Regional	\$5.05 - \$7.10	\$6.00 - \$8.00	\$7.00 - \$9.00
Regional	\$8.00	\$9.00	\$10.00

* In regions, the mill rate differential was fixed at 15%.

Total General Per Capita Grants (1973-1976)

	<u>General Per Capita Grant</u> (\$000)	<u>Change</u> (%)
1973	52,238	
1974	63,025	20.6
1975	64,240	1.9
1976	65,600	2.1
1977 (estimated)	75,000	14.3

Eligibility

This grant is available to all non-regional lower-tier municipalities and to all metropolitan, regional and the District Municipality of Muskoka on behalf of their area municipalities.

Provincial Support

Non-regional municipalities receive the grant according to the following schedule:

<u>Population Range</u>	<u>Rate of Grant</u>
0- 5,000	\$7.00 x (Pop.)
5,001- 10,000	\$ 35,000 + \$7.40 x (Pop. over 5,000)
10,001- 15,000	\$ 72,000 + \$7.60 x (Pop. over 10,000)
15,001- 20,000	\$ 110,000 + \$7.80 x (Pop. over 15,000)
20,001- 25,000	\$ 149,000 + \$8.00 x (Pop. over 20,000)
25,001- 50,000	\$ 189,000 + \$8.20 x (Pop. over 25,000)
50,001- 75,000	\$ 394,000 + \$8.40 x (Pop. over 50,000)
75,001-100,000	\$ 604,000 + \$8.60 x (Pop. over 75,000)
100,001-200,000	\$ 819,000 + \$8.80 x (Pop. over 100,000)
200,001-or more	\$1,699,000 + \$9.00 x (Pop. over 200,000)

Metropolitan, regional, and District of Muskoka municipalities are are paid \$10.00 per capita which they are required to apply against the upper-tier requisition of an area municipality on the basis of grants population.

The grant is based on municipal grants population (refer to the description of the Resource Equalization grant for details).

Cash Flow

By the end of April, municipalities are sent an interim payment equal to one-half the amount of grant for the year. The balance is paid in late August.

Federal Funding

Federal funding is not available for this grant program.

POLICE PER CAPITA GRANT

Legislative Authority

This grant is authorized under Sections 3, 4, and 5 of The Ontario Unconditional Grants Act, 1975.

Description

This grant provides additional assistance to municipalities that have their own police forces or hold contracts for policing by the Ontario Provincial Police. Although this grant is contingent upon a municipality paying for some form of police service, the grant is unconditional in that there are no conditions as to its application. The grant therefore becomes part of the municipality's general revenues and is not necessarily spent on policing.

Background and Development

The grant was first implemented in 1970 for those regional municipalities deemed to be cities under The Police Act. In 1972, it was extended to those non-regional municipalities providing their own law enforcement by either maintaining their own police forces or being under contract for policing by the Ontario Provincial Police. This initiative on the part of the Province was in recognition of the increasing costs faced by these municipalities in the provision of police services. The higher rate of grant for regional police forces was attributed to the additional costs incurred

in the extension and upgrading of service, especially in rural areas and areas previously policed by the Ontario Provincial Police that accompanied the creation of regional police forces.

Changes in Police Per Capita Grant Rates (1970-1977)

	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>
	\$	\$	\$	\$	\$	\$	\$	\$
Non-regional	N/A	N/A	1.75	3.00	5.00	8.00	8.00	10.00
Regional								
- regional police force	1.50	1.50	3.25	5.00	7.00	12.00	12.00	15.00
- area municipality police force			1.75	3.00	5.00	8.00	8.00	10.00

Total Police Grants (1973-1977)

	<u>Total Police Grant</u>	<u>Change</u>
	(\$000)	(%)
1973	24,852	
1974	41,712	67.8
1975	71,164	70.6
1976	72,700	2.2
1977 (estimated)	92,000	26.5

Eligibility

The grants are paid to non-regional lower-tier municipalities that have their own police forces or hold contracts for policing by the Ontario Provincial Police. They are also paid to upper-tier municipalities (metropolitan and regional) that have their own police forces and on behalf of area municipalities that have their own police forces or hold contracts for policing by the Ontario Provincial Police. (Ottawa-Carleton and the restructured County of Oxford).

Provincial Support

Non-regional municipalities are paid \$10.00 per capita.

Metropolitan and regional municipalities with their own police forces are paid \$15.00 per capita while regions in which area municipalities have their own police forces or are under contract with the Ontario Provincial Police (Ottawa-Carleton and the restructured County of Oxford) are paid \$10.00 per capita based on the grants population of such area municipalities. These upper-tiers are required to apply the grant against the upper-tier requisition of an area municipality on the basis of its grants population.

The grant is based on municipal grants population (refer to the description of the Resource Equalization grant for details).

Cash Flow of Grants

By early May, municipalities are sent an interim payment equal to one-half the amount of grant for the year. The balance is paid by late August.

Availability of Federal Funding

Federal funding is not available for this grant program.

Legislative Authority

This grant is authorized under section 9 of The Ontario Unconditional Grants Act, 1975.

Description

The Resource Equalization grant (REG) is designed to strengthen the fiscal capacity of resource deficient municipalities. It is paid to lower-tier municipalities with below-average assessment bases to enable them to improve service levels without incurring excessive property tax rates.

Background and Development

Four major considerations were taken into account when the REG program was devised in 1973. These were:

1. Revenue equalization vs. expenditure equalization

The REG equalizes the revenue- raising capacities of municipalities rather than attempting to equalize expenditure needs since it is extremely difficult to accurately quantify and account for all needs differentials which affect municipal services in an unconditional grant. In addition, the underlying objective of the whole unconditional grant program was to relieve pressures on local mill rates - an effect that can be directly achieved through revenue equalization.

2. Individual vs. average tax effort

The REG is based on each municipality's own tax effort; a municipality can increase its grant by increasing its tax rates. The amount of its grant does not depend on the tax efforts of other municipalities. In addition, average tax effort would not reflect a municipality's own needs.

3. Partial vs. full equalization

The REG equalizes fiscal capacity on the basis of average Provincial equalized assessment per capita. However, it only recognized part of the assessment deficiency relative to this standard. There are three reasons for having partial equalization:

- I) The pro-rating factor of 60 percent (see section on Provincial support below) contains the overall cost of the grant program.
- II) The process of reassessment was well under way when the grant was introduced and the reliability of equalized assessment was being questioned. Sufficient data, however, was unavailable to analyze the distributional impact of moving from equalized to market value assessment.

III) Full equalization would overcompensate some municipalities since a number of existing conditional grants (e.g. road and education grants) contain equalizing features.

4. Maximum vs. open-ended grant

There are two reasons for setting a maximum grant level:

- I) An open-ended grant could lead to the deterioration of tax effort in resource-deficient municipalities as a result of high grant rates.
- II) A maximum grant rate feature is another means of containing the total cost of the grant program.

Since its inception, the basic structure of the REG has remained unchanged. Adjustments have been made, however, to the parameters as a result of changes in such factors as Provincial average equalized assessment per capita and grants population. These changes were made in order to maintain the same relative clientele and to accommodate any increases in total grant funding as expressed in the prorating factor and the maximum grant rate. In addition, several new items have been included in the calculation for the net general dollar levy (e.g. changes in surplus and the share of the upper-tier municipality's support grants).

Changes in REG Parameters (1973-1977)

	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>
Average equalized assessment per capita	\$10,000	\$10,100	\$10,300	\$10,400	\$10,650
Pro-rating factor	50%	60%	60%	60%	60%
Maximum grant rate	20%	25%	25%	25%	25%

Total Resource Equalization Grants (1973-1977)

<u>Year</u>	<u>Total REG</u> (\$,000)	<u>Change</u> (%)
1973	56,818	23.2
1974	70,000	14.8
1975	80,373	9.6
1976	88,100	11.8
1977 (estimated)	98,500	

Eligibility

All lower-tier municipalities with an equalized assessment per capita of less than the Provincial standard of \$10,650 are eligible to receive the REG.

Provincial Support

The grant formula, expressed algebraically, is as follows:

$$\text{REG} = 0.6 \left[\frac{\$10,650 - \text{EApc}}{\$10,650} \right] \times \text{NGDL}$$

subject to a maximum grant of 25% of NGDL, where:

0.6 = pro-rating factor

\$10,650 = Provincial average equalized assessment per capita.

EApc = municipality's equalized assessment per capita.

NGDL = municipality's net general dollar levy.

Equalized assessment is comprised of the prior year's unweighted taxable assessment plus an equivalent assessment in respect of prior year's payments-in-lieu of taxes and telephone and telegraph taxes.

A municipality's grants population is determined as follows:

- . the prior year's population, excluding population living on a military base, as per Sections 23 and 23(a) of The Assessment Act; plus
- . a deemed temporary population equal to one-third the number by which the above population falls below the product of 2.5 times the number of non-military households in the prior year; plus

- . the residents of military bases which are not designated as self-contained; plus
- . one-third of the residents of a self-contained military base.

The net general dollar levy includes, for the prior year, all municipal levies for lower and upper-tier purposes, municipal shares of payments-in-lieu of taxes and telephone and telegraph taxes, prepayment of special charges, resource equalization and support grant entitlements (plus the lower-tier's share of the upper-tier's support grant entitlements), and changes in surplus.

Since upper-tier requisitions are included in the net general dollar levy for REG purposes, lower-tier municipalities are required to apply a portion of the REG against their upper-tier requisition. This portion is calculated by applying the ratio of the prior year's commercial levies for upper-tier purposes to the total prior year's non-school commercial levies to the total REG.

By increasing the fiscal capacity of resource-deficient municipalities, the REG enables them to bear a larger share of costs apportioned by upper-tier municipalities. As a result, an equivalent assessment in respect of the prior year's REG is included in the equalized assessment used for apportionment purposes.

Cash Flow

Municipalities are paid 50 percent of their prior year's grant by the end of May. The grant is finalized upon receipt of the municipal financial report and the balance is paid between August and October.

Federal Funding

Federal funding is not available for this grant program.

SPECIAL SUPPORT GRANTS

Legislative Authority

These grants are authorized under Sections 16 and 17 of The Ontario Unconditional Grants Act, 1975.

Description

This program consists of grants designed especially for two geographic regions of Ontario.

The Northern Ontario Special Support grant recognizes the high costs confronting northern municipalities and their residents as the result of severe winters, high transportation costs, rugged geographic features and the lack of certain services.

The Parry Sound Special Support grant recognizes the somewhat higher than normal costs of providing municipal services experienced in the District of Parry Sound.

Background and Development

The Northern Ontario Special Support grant was originally set at 10 per cent of the net general dollar levy of the eligible municipality. Unlike the General Support grant, the special support payment has always been at a uniform rate. This rate was increased to 12 per cent in 1974, to 15 per cent in 1975, and to 18 per cent in 1977. The 1975 increase took

into account the elimination of the Freight Rate Reduction Program, a marginally productive scheme intended to offset the additional costs of commodities in the North due to high transportation costs.

The Parry Sound Special Support grant was introduced in 1975 and set at 7.5 per cent of the net general dollar levy. This rate was increased to 18 per cent in 1977.

Eligibility

All lower-tier and upper-tier (Regional Sudbury) municipalities north of the French River are eligible for the Northern Ontario Special Support grant.

All lower-tier municipalities in the District of Parry Sound, plus the Townships of Airy and Chisholm, and the Improvement District of Cameron are eligible for the Parry Sound Special Support grant.

Provincial Support

Both of the special grants amount to 18 per cent of the municipality's net general dollar levy.

The net general dollar levy is comprised of the same items as for the General Support grant. The basis for the special support grant formula is also the same as for the General Support grant. (Refer to preceding description in this Appendix).

Provincial support to municipalities through Special Support grants is as follows:

Total Special Support Grants, 1973-77

	<u>Total</u>	<u>Increase</u>
	(\$000)	(%)
1973	10,090	
1974	12,182	20.7
1975	18,549	52.3
1976	22,333	20.4
1977 (est.)	29,754	33.2

Cash Flow

See the description of the Resource Equalization grant.

Federal Funding

Federal funding is not available for this grant program.

TRANSITIONAL GRANTS AND SPECIAL ASSISTANCE

Legislative Authority

These grants are authorized under Section 8 of The Ontario Unconditional Grants Act, 1975.

Description

These two grants are designed to minimize changes in the incidence of local taxation by phasing in tax shifts over a five year period and promoting the development of services on a regional basis.

Background and Development

The grants were introduced in 1971 and, prior to the consolidation of unconditional grants legislation in 1975, were administered under Section 2 of The Regional Municipal Grants Act. Transitional grants were implemented to provide assistance to those reorganized municipalities where substantial restructuring resulted in tax shifts among merged areas as a result of the prescribed method of cost sharing. Special assistance was introduced as a payment to assist those services where the existing infrastructure was insufficient at the time of takeover to be consolidated and provided on a regional basis. While the transitional grants are provided to all reorganized municipalities on a formula basis where tax shifts occur, the special assistance grant is designed to take into account different local needs and initiatives.

In 1974, five regional governments came into operation. This situation led to a substantial increase in the level of transitional grants paid annually. Also, since 1974, special assistance grants have been paid to these regions as well as to some of the older ones as they increased their service responsibilities. This explains why the volume of these grants has not decreased as substantially as would have been expected by the phase down period.

TOTAL TRANSITIONAL AND SPECIAL ASSISTANCE GRANTS

	<u>Total</u> (\$,000)	<u>% Change</u>
1973/74	7,254	-
1974/75	22,529	210.6
1975/76	24,423	8.4
1976/77	17,300	(29.2)
1977/78 Estimates	19,500	12.7

Eligibility

Transitional and special assistance grants are payable to any municipality which undergoes substantial restructuring or reorganization. Assistance does not extend beyond five years from the date of reorganization or the transfer of responsibilities between levels of government.

Provincial Support

1. Transitional Grants

There are two types of transitional grants; internal and external. Both of these grants are designed to cushion the impact of increased tax burdens attributable to tax shifts. The internal grant is applied to tax shifts related to a lower-tier municipal levy while the external grant is applied to tax shifts related to an upper tier or regional requisition on area municipalities. The following illustrates each type of grant.

Internal

If a township or part of a township is amalgamated with a city each will have different tax levels for the services which they formerly provided as a result of varying tax bases and service levels. With reorganization a uniform tax rate will be established for these services. In order to implement this uniform rate gradually, the internal grant covers 25 percent of the tax shift. This assistance is reduced by 20 percentage per year over five years.

External

Most reorganized areas place a city back into a cost-sharing relationship with an upper-tier government; a circumstance which formally does not exist in counties. The new upper-tier provides many services previously provided by the city or the county. When these services are consolidated and regional cost-

sharing is implemented, there can be substantial shifts in cost from one area municipality to another. The external transitional grant pays 100 percent of this tax shift or cost shift in the initial year. The grant is then reduced by 20 percent per year over five years to phase in tax shifts.

2. Special Assistance Grants

These grants are generally paid to assist in either the start-up costs of the new level of government or to provide some assistance in the development of services on a regional basis.

For example, special assistance has been provided for initial organization expenses, for a region-wide police communications system, and to implement region-wide uniform sewer and water rates. The value of the grant is determined by the need and the state of the existing structure.

Cash Flow of Grants

Transitional grants which extend on a phase down basis over five years and where an Order-in-Council exists are generally paid in April, May, and June at the beginning of the fiscal year. Special assistance payments are made as soon as possible after a region assumes responsibility for a service.

Availability of Federal Funding

The federal government is not involved in these programs.

APPENDIX B

PROVINCIAL-MUNICIPAL GRANT PROGRAMS

IN OTHER PROVINCES

FOREWORD

During its deliberations the Committee considered it necessary to review briefly the grant programs available to municipalities in the other nine provinces in Canada. This task was complicated, however, by the lack of a single source for comprehensive information on the full ranges of transfers in every province. Accordingly, we consulted each Province independently, and present our findings in the following pages.

The synopsis of grant programs in each Province is brief of necessity. Nevertheless, it provides an indication of the areas of Provincial support available to municipalities and, to a certain extent, the distribution of functions between the two levels of government in each jurisdiction. For example, responsibility for income assistance to individuals temporarily in need is Provincial in some provinces (notably New Brunswick and Quebec), while it is a municipal function in other provinces.

This division of responsibility is partially reflected in the table below which summarizes the magnitude of transfer payments to local governments across Canada.

ESTIMATED PROVINCIAL TRANSFERS TO LOCAL GOVERNMENTS BY PROVINCE -1976

(\$ millions)

	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	All Provinces
Specific purpose transfers, by function:											
General government	1.3	-	.4	-	2.4	2.4	0.1	1.1	.8	.6	9.1
Protection	-	-	5.6	-	13.4	13.9	1.8	6.7	13.8	3.4	58.6
Transportation	8.3	-	4.2	2.8	40.4	371.3	18.8	25.5	42.2	6.2	519.7
Environmental health	11.8	.4	8.4	2.8	51.9	37.5	3.9	2.2	2.6	8.8	130.3
Public health and welfare	-	-	45.2	-	0.1	460.9	41.6	63.6	159.7	48.0	819.1
Recreation and culture	1.6	0.1	4.0	2.0	15.5	30.0	6.3	3.0	7.6	8.0	78.1
Education	-	36.3	165.8	-	1524.1	1714.6	154.1	178.0	454.3	417.1	4644.3
Other services	1.8	0.1	6.1	0.2	64.6	25.9	0.1	1.8	8.1	8.8	117.5
Total specific purpose transfers	24.8	36.9	239.7	7.8	1712.4	2656.5	226.7	281.9	689.1	500.9	6376.7
General purpose transfers	5.2	1.4	34.9	35.4	391.4	355.1	16.4	18.0	52.8	91.6	1002.2

Source: Statistics Canada, Local Government Finance, Estimates.

PROVINCIAL-MUNICIPAL GRANT

PROGRAMS IN ALBERTA

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A. UNCONDITIONAL GRANTS

1. Equalization Grants

(a) Urban Municipalities

The average per capita assessment is determined for four categories of municipalities respectively, each category comprised of municipalities having populations of:

- (i) over 400,000
- (ii) less than 400,000 and over 25,000
- (iii) less than 25,000 and over 3,000
- (iv) under 3,000

Each municipality with a per capita assessment deficiency qualifies for a grant. This deficiency is the amount by which the municipality's assessment per capita falls below the average per capita assessment of its category.

For each municipality qualifying for a grant it is necessary to calculate its dollar deficiency, which is obtained by multiplying its total assessment deficiency (per capita assessment deficiency times its population) by the average equalized mill rate for the group and dividing by 1,000. The total dollar deficiency is next derived by summing the dollar deficiency of all municipalities. The total dollars available for grant is then divided by the total dollar deficiency to derive a prorating factor. This factor is then applied to the dollar deficiency of each municipality to determine its grant.

The following is a concise expression of the grant formula,

$$\text{Grant} = \text{prf} \left[P \left(A - A_1 \right) \frac{\text{MR}}{1000} \right]$$

where:

P = Population

A = Assessment per capita of group

A₁ = Assessment per capita of municipality

MR = Equalized Mill Rate for group

TD = Total Dollar Available for Grant

$$\text{prf} = \text{prorating factor} = \frac{\text{TD}}{\left[P \left(A - A_1 \right) \frac{\text{MA}}{1000} \right]}$$

(b) Rural Municipalities

Counties and districts are comprised of townships, each having an area of one square mile. These units are used as the basis for calculating the equalization grants paid to rural municipalities. For grant purposes, the total assessment of each township must be:

- equal to or greater than \$200,000
- or
- equal to or less than \$800,000

The average number of townships per municipality is 37, and municipalities with townships exceeding this number are required to reduce the excess by applying to it a weighting factor. The maximum number of townships (including the weighted portion) per

municipality to be used in the grant calculation should not exceed 48.1; Townships above the average are weighted as follows:

Municipality has 50 townships

Excess subject to weighting $50 - 37 = 13$

Number of weighted townships $= 37 \times 1.13 = 41.8$

The Province determines the number of townships in municipal districts and counties, the total assessment in these areas, and from these data calculates the average assessment per township.

To calculate its grant a municipality must:

- (i) determine the number of townships weighted and non-weighted;
- (ii) determine the average equalized assessment per township, i.e. divide the total equalized assessment by the number of townships;
- (iii) subtract the average assessment per township from the Provincial average assessment per township to arrive at the average assessment deficiency per township;
- (iv) determine the total assessment deficiency by multiplying the figures obtained in (iii) by the total number of townships in (i);
- (v) the grant is the figure obtained by multiplying the figure obtained in (iv) by the equalized mill rate.

The following is a more concise expression of the grant calculation:

$$\text{Grant} = \left(\text{NT} + \text{WT} \right) \left(\text{PA} - \text{TA} \right) \frac{\text{MR}}{1000}$$

where:

PA = Average Provincial Assessment

TA = Average Township Assessment

MR = Equalized Mill Rate

NT = Number of non-weighted townships

WT = Number of weighted townships

Except for a slight variation, the grants for improvement districts are calculated on a similar basis.

2. Per Capita Grants

Each urban municipality receives a grant of \$2.00 per capita to assist in the cost of municipal services that are generally related to population.

3. Road Grants to Rural Municipalities

Each rural municipality is given a grant to assist in the cost of services that are generally related to the area of the municipality. The grant is calculated by multiplying the number of miles of district road by \$20.

Total 1975/76 unconditional grants to urban and rural municipalities under the above programs amounted to \$45.7 million.

B. CONDITIONAL GRANTS

DEPARTMENT OF ADVANCED EDUCATION AND MANPOWER

Summer Temporary Employment

The objective of the program is to provide temporary employment for youths on project activities undertaken by participating municipalities. Upon approval of a project the municipality hires young persons to work on project activities and pays them directly. Municipalities are reimbursed by the Province for total wage payments. The estimated 1975/76 grants amounted to \$1.4 million.

DEPARTMENT OF AGRICULTURE

1. Agriculture Fieldman's Salary

Fieldmen are responsible for carrying out and maintaining programs relating to the needs of agriculture in their districts. The Province and municipality each contribute 50% of the salary of a full-time fieldman. Total Provincial grants for 1975/76 amounted to \$109,693.

2. Seed Cleaning Plants

To assure clean seed grain for farmers within a municipality, the Department of Agriculture will assist municipalities

financially in the construction of one or more centrally located seed cleaning plants.

One or more municipalities must provide financial assistance equal to the contribution for the Province. The Province, the municipality and the co-operative each contribute one-third of the construction costs. To be eligible for grants, farmers must organize themselves into co-operative associations of which 80% of the share capital must be subscribed by area farmers. Total 1975/76 Provincial grants amounted to \$135,000.

3. Weed Control Program

This program assists farmers to eradicate noxious weeds and other vegetation or to prevent their spread. Costs incurred under this program are shared on a 60:40 basis between the Province and municipalities. The 1975/76 total Provincial-municipal spending amounted to \$325,010.

DEPARTMENT OF CULTURE

Museum Grants

The objective of this program is to assist in defraying the operating costs of local museums. Provincial subsidy is based on the amount of funds raised locally in the previous fiscal year.

Museums operated by municipalities must meet certain conditions before the municipality is eligible to receive a grant. The 1975/76 Provincial grant was \$96,470.

DEPARTMENT OF THE ENVIRONMENT

1. Biting Fly Control

The objective of this assistance is to initiate and improve Mosquito Abatement Programs, and to ensure the judicious use of any pesticide required for abatement programs. To be eligible for such grants municipalities must submit applications to the Department of Environment prior to the commencement of their control programs, outlining the proposed cost and the method of control. Total 1975/76 Provincial grants were \$329,000.

2. Municipal Sewage Treatment

The purpose of the program is to encourage the construction of proper sewage facilities. The program applies specifically to the construction or expansion of a central plant for the treatment and disposal of sewage wastes and/or the construction of one or more trunk collector sewers.

3. Municipal Waterworks

This program evens out the cost of water supply facilities in municipalities. To be eligible for assistance toward

construction costs, the existing capital debenture debt must be equal to or exceed \$75 per capita. A municipality with an existing per capita debt of less than this amount is required to be financially responsible for that portion of new capital costs up to the \$75 per capita threshold level. The Provincial share of costs for 1975/76 was \$2.3 million, and the municipal share was \$6.0 million.

4. Reclamation of Derelict Land

The purpose of this program is to increase land supply or improve the aesthetics of the landscape. The land must be owned by a public body, and must have been disturbed by certain operations such as mining, gravel excavations, garbage dumps and old road beds. The Province pays 100% of the cost, which amounted to \$600,000 in 1975/76.

5. Water Management

This program provides municipalities with assistance towards the cost of constructing water resources projects. The local authority is responsible for initiating the program, obtaining the necessary rights of way, manpower and equipment, and to make the initial payment for the constructed works. The Province provides technical service at no cost, and pays 50% of the cost upon completion of the project. Total 1975/76 Provincial expenditures was \$1.4 million.

DEPARTMENT OF HOUSING AND PUBLIC WORKS

1. Land Assembly and Development

The purpose of this program is to provide assistance to municipalities wishing to assemble land for residential purposes in areas where lack of land forestalls growth, or in areas of inflated land prices. The program also provides funds for the development and servicing of residential land. Provincial expenditure for 1975/76 was \$4.2 million.

2. Neighbourhood Improvement Program

This program is sponsored by the Central Mortgage and Housing Corporation. The purpose of the program is to renew blighted or substandard urban areas through redevelopment and rehabilitation of facilities and residences of the area. The program was implemented in 1973 and by the end of 1975 the federal government had budgeted \$5.3 million for Alberta, of which \$4 million was in the form of grants and \$1.3 million in loans. Over the same period the Province budgeted \$2.0 million towards the program.

DEPARTMENT OF RECREATION AND WILDLIFE

1. Major Cultural/Recreational Facility Development Program

Financial assistance is provided to municipalities and via municipalities to various non-profit organizations for the development of major public cultural and recreational facilities.

There are two types of funding arrangements:

- (a) \$100 per capita over a 10-year period
ending March 31, 1985.
- (b) \$10 per capita maximum per year to the cities
of Calgary and Edmonton.

Share of costs:

<u>Type of Facility</u>	<u>Provincial Grant</u>	<u>Municipal or Community Organizations Funding</u>
Regional multi-purpose	50%	50%
Municipal multi-purpose	40%	60%
Regional single-purpose	35%	65%
Municipal single-purpose	30%	70%

Regional multi-purpose projects receive a higher level of funding, enabling the co-operative development, on a regional basis, of facilities which might not be possible if communities were to attempt such development on their own. Projects in the cities of Edmonton and Calgary qualify as regional developments.

At least one-third of the amount available to municipalities is designated for projects funded co-operatively through local organizations, service clubs, ethno-cultural groups or other incorporated community groups and agencies.

A minimum of 25% of the total funds available is for the purpose of providing cultural-oriented recreation facilities. These may be developed in conjunction with, or separate from sport-oriented recreation facilities. The Provincial grant in 1975/76 was estimated to be \$12.4 million.

2. Operational Financial Assistance - Recreational Programs

This program provides assistance to municipalities for current expenditures in the operation of recreational programs. Payments are based on \$1.00 per capita for the first 20,000 population of a municipality and 20¢ thereafter.

3. Recreation Project Co-operation

This program is intended to support and encourage co-operative efforts between municipalities and community organizations in the planning and development of recreational programs and facilities.

The main components of the grants are a basic payment of \$500 plus 50¢ per capita for each municipality. An increased rate of 65¢ per capita is available:

- (a) to municipalities with populations under 15,000 which pool resources with one or more other municipalities to provide a service or facility; or
- (b) to municipalities with populations over 15,000 where facilities are provided jointly with a school board and utilized by both the school and the community.

Community organizations receive the basic 50¢ per capita in addition to the \$500 minimum grant.

DEPARTMENT OF SOCIAL SERVICES AND COMMUNITY HEALTH

1. Child Welfare Juvenile Probation

Under this program the Province shares with major urban centres the cost of providing probation services for juvenile offenders.

Cost of the program is shared 80% by the Province and 20% by municipalities.

2. Child Welfare Juvenile Squads

The purpose of assistance under this program is to share with major urban centres the cost of specialized police squads in dealing with juvenile delinquency.

3. Child Welfare Receiving and Detention Centres

The objective of this program is to provide total care and supervision to children who have been apprehended as neglected or delinquent, and removed from their parents' care pending disposition by the courts and placement in foster home care or institutional treatment. The 1975 total cost of \$2 million was borne by the Province.

4. Integrated Day Care

Provides normal pre-school day care for physically and mentally retarded children on an integrated approach basis. The Province assumes 100% of both operating costs and capital cost. Total 1975/76 cost amounted to \$36,929.

5. General Day Care Facilities

The general day care program is delivered through the Preventive Social Services Branch of the Department of Social Services and Community Health. The Province enters into P.S.S. Agreements with municipalities, and provides 80% funding. There is no direct capital grant for day care facilities. However, if the total capital funding available at the local level is insufficient, the balance of the required funds are borrowed. The repayment of these loans then becomes an operating expense on which the Province, through the P.S.S. Agreement, pays 80%.

6. Preventive Social Services

This program is intended to develop community awareness, and to strengthen both individual and family life. Where a municipality provides for the establishment and operation of a Preventive Social Service Program in accordance with provincial requirements, the Province will pay up to 80% of costs.

7. Public Assistance to Employables

This program provides for the basic necessities and special needs of employable persons who are in need. The Province pays 80% of administrative costs, 90% of assistance costs and 100% of costs in special areas and improvement districts.

DEPARTMENT OF THE SOLICITOR GENERAL

1. Law Enforcement Grant

This program assists urban municipalities to pay for the cost of their own policing. All urban municipalities with a population in excess of 1,500 qualify for this grant. The grant is based upon one-half the cost of services provided by an R.C.M.P. constable times the population, divided by 800, for all municipalities except Edmonton and Calgary which have their base divided by 550. The Provincial grants for 1975/76 amounted to \$12.7 million.

DEPARTMENT OF TRANSPORTATION

1. Alberta Airport Development Program

The purpose of this program is to provide new or upgraded airports in order to encourage the development of airport facilities.

2. Arterial Roadway Capital Assistance

The objective of this program is to assist cities in the development of arterial roadway networks. The Province pays for two-thirds of the capital costs of roadways, structures, land required for rights-of-way, and other related costs.

3. Cities' Transportation Subsidies

This program is to provide financial relief to cities providing public transit systems. The Province contributes the lesser of 50% of actual deficit or \$3.33 per capita based on the official population figures for the preceding years. The total Provincial grant in 1975/76 was \$3.8 million.

4. Cities' Transportation Facilities

The objective of this program is to improve major roadway transportation facilities within the cities. The Province will pay two-thirds of the expenditures which are designated and approved for cost sharing. The total grant in 1975/76 amounted to \$18.0 million.

5. Highway Studies Program

This program assists in long-term highway route planning. The Province contributes two-thirds of the costs of this program.

6. Municipal Districts and Counties - Roads

This program provides assistance to municipal districts and counties to improve their road system. There is no fixed rate of support for this grant.

7. Public Transit Capital

This assistance provides for the construction or purchase of public transit facilities or equipment to improve or establish public transit in Alberta's urban areas. Provincial support is 100% of costs, and amounted to \$16.1 million in 1975/76.

8. Public Transportation Studies and Demonstration Projects

This program provides support for the development of efficient transit systems for citizens residing in urban areas. The Province provides up to two-thirds of the approved costs of such studies.

9. Street Improvement Program

This program provides assistance to Alberta's towns and villages undertaking street construction programs.

Grants are based on a formula which provides \$20,000 plus \$20 per capita for all towns and villages and for summer villages with a permanent population of 100 or more. Summer villages with less than 100 permanent residents receive \$5,000 plus \$20 per capita.

PROVINCIAL-MUNICIPAL GRANT

PROGRAMS IN BRITISH COLUMBIA

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BRITISH COLUMBIA

A. UNCONDITIONAL GRANTS

On June 17, 1977, the Province introduced The Revenue Sharing Act which authorized a comprehensive revenue-sharing agreement between the Province and municipalities. This program will replace the existing per capita grants and the interim revenue-sharing program. Total grants are expected to grow at the same rate as key Provincial revenues. The initial funds available under the program will be \$140 million, i.e. \$110 million in unconditional form and \$30 million as conditional grants. The total transfers will be based on:

- 1 point of personal income tax.
 - 1 point of corporation income tax.
 - 6 per cent of revenue from a number of Provincial sources such as gasoline and other fuel taxes, land and forests, minerals and the Petroleum Corporation.
- The total will be placed in a Revenue Sharing Fund for allocation to municipalities.

The following grants will be paid under the program:

1. Relative Population Grants

In any year approximately 80% of unconditional grants will be population related; that is, a municipality's share of a grant will be based on its share of population to total population.

2. Relative Cost and Assessment Deficiency Grants

- (a) A portion of remaining unconditional transfer will be paid in the form of relative expenditure grants and the rest set aside to be paid in the form of assessment deficiency grants. The expenditure grant is calculated by deriving the percentage of a municipality's expenditure to total expenditures for all municipalities and applying this percentage to available funds.
- (b) The assessment deficiency grant is determined by dividing the Provincial per capita assessment by the per capita assessment of resource deficient municipalities and multiply this factor by the expenditure grant. The difference between this result and the expenditure grant is the deficiency grant and it should not be greater than the expenditure grant.

B. CONDITIONAL GRANTS Under the Revenue-Sharing Agreement

MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING

1. Administrative and Planning Grants to Regional Districts

An annual grant of \$10,000 is made to each regional district for administration expenses. In addition, each regional district is given an annual grant calculated at 20¢ per capita, with a minimum of \$7,000 and a maximum of \$33,000, to assist in meeting planning costs.

2. Basic Municipal Grant

This grant is a flat \$30,000 paid to each municipality regardless of its size or fiscal capacity. The only restriction on its use is the requirement that the amount by which it exceeds 50 per cent of the municipality's total property taxes in the prior year be placed in reserve funds. The requirement is intended to prevent budgetary distortions in very small municipalities.

3. Highways

(i) The construction and maintenance costs are borne entirely by the Province. Cities with a population in excess of thirty thousand may apply to the Minister for a grant to assist in defraying expenditure on any street where it is considered

in the public interest that such street is necessary as a connecting link in the arterial highway system of the Province.

(ii) Secondary Highways

The costs of construction are shared 50%-50% by the Province and the municipality. The costs of maintenance are borne 40% by the Province and 60% by the municipality through which the highway runs. Where a secondary highway runs in or through a municipality having a population of less than one thousand, the Province may, at the Minister's discretion, contribute an amount not exceeding 75% of the cost of construction and maintenance of the highway.

The sum of the above six grants is estimated to be about \$30 million for 1978.

4. Housing Starts

A grant of \$100 is provided for each housing start within a municipality or regional district which does not qualify under the Municipal Incentive Grant Program.

5. Municipal Incentive Grant

The objective of this grant is to encourage municipalities and regional districts to promote house construction and develop more land for affordable housing.

The municipality or regional district can receive a provincial grant of \$1,000 for each completed housing unit which meets the density, size and value requirements in accordance with the federal CMHC program. The provincial grant is in addition to a federal grant of \$1,000 under the federal program.

Building permits must be issued between February 1, 1977 and December 31, 1978. Lending value must be within price limits established under CMHC's A.H.O.P. program for the area. Projects must not exceed 60 units per net acre in core areas of larger urban centres, or not less than 8 units per acre in municipalities with a population of less than 10,000 (1971 census).

6. Water Facilities

This program provides for a grant equal to 75% of the debt-servicing cost, on long-term debt (not less than 20 years), for approved water system projects which exceed the product of a 3 mill levy on general municipal assessment of the municipality or specified areas of a regional district.

C. OTHER CONDITIONAL GRANTS

MINISTRY OF AGRICULTURE

Weed Control

Where the Province enters into an agreement with a municipality regarding the control of noxious weeds, the municipality is eligible for a grant of 50% of expenditures for labour, materials and equipment. The maximum grant payable towards this program is \$10,000, with the exception of the Peace River-Laird Region where it is \$20,000.

MINISTRY OF THE ENVIRONMENT

1. Recycling Grant

This grant is available to independent groups on an individual basis. The following restrictions apply:

- (a) The recycling group must have the support of the local level of government which must provide a matching grant.
- (b) The provincial contribution can not exceed a maximum of \$10,000 for any one recycling group in one year.

2. River Protection

This grant is paid to municipalities, regional districts and individual land holders. Assistance is comprised of technical services and 75% of capital costs. The recipient is expected to provide rights of way, construct the works to Ministry designs, assume 25% of the cost, and maintain the completed works.

MINISTRY OF FINANCE

Incentive for Underground Installation of Power and Telephone Lines

A municipality or public utility may agree to share equally with the Province in the cost of underground installation of power, telephone, and other transmission lines in a municipality.

MINISTRY OF HEALTH

Twenty-eight regional hospital districts are incorporated under The Regional Hospital Districts Act. These areas are coterminous with the regional districts which cover the entire Province. In British Columbia, the construction of hospitals is a local responsibility, with financial support available from the

Province. *

Hospital Construction

The Regional Hospital District sells its debentures, issued to raise the total amount of the hospital project, to the Regional Hospital Financing Authority - a Provincial capital fund marketing agency.

The Province contributes 60% of approved construction and fixed equipment costs if the mill rate required to finance capital costs is 4 mills or less; the Province contributes 80% on the portion over 4 mills. Provincial assistance towards movable equipment ranges from 33% to 75%.

* Essentially, regional districts are federations of municipalities and electoral areas which have two principal purposes. Firstly, they are the vehicle created to allow the constituent members to provide services jointly which they could not provide individually, and secondly, they provide a form of local government for electoral areas. By statute the Province requires regional districts to prepare regional land-use plans and to plan for hospitals. Apart from these two statutory requirements, a region acquires such functions as its members agree that it should have. Consequently, some regional districts have many functions and some have few. Regional districts do not tax citizens directly. When the annual budget has been set, the Regional Board sends a requisition to each member municipality for the municipal share of the budget and to the Provincial Government for the electoral area's share since electoral areas are essentially unorganized territory.

MINISTRY OF HIGHWAYS AND PUBLIC WORKS

1. Municipal Bridges

The Province provides financial assistance for the construction or major repair of municipal bridges.

This assistance is limited to work which is considered to represent an undue financial burden to a municipality. The Ministry generally shares in the cost of the work rather than pay the entire cost. There are no firmly established rules for the amount of Provincial support, but consideration is given to the cost of the work, the size of the municipality, and how essential is the bridge.

2. Secondary Highways

The Province is responsible for construction and maintenance of classified arterial highways through municipalities with populations of less than 30,000. These municipalities are, however, responsible for the construction and maintenance of approved secondary highways towards which the Province pays 50% of construction and 40% of maintenance costs. Provincial contributions for secondary highways may be increased to 75% for municipalities with populations of less than 1,000.

MINISTRY OF HUMAN RESOURCES

Local governments share costs in the programs of Provincial social allowance, day care subsidies, health care services, and maintenance of dependent children. The municipal share in these programs is calculated on the basis of 10 per cent of the total expenditures and in 1976/77 fiscal year amount to a per capita monthly charge to municipalities of approximately \$1.50 plus a share of administration costs.

1. Community Program

(a) Funding is available for community-based projects which include information centres, crisis centres and related services, family life counselling, native Indian projects, youth services, and various others. Also included is the grant covering Community Services in Vancouver through the Vancouver Resources Board and for the development of other Resources Boards.

(b) Community Resources Board

The Vancouver Resources Board, established under The Community Resources Boards Act, administers income assistance and social service programs provided to residents of the City of Vancouver. Also, under The Community Resources Boards Act, locally elected boards have been set up in four other communities to administer the full range of health and social services through the operation of community human resources and health centres. The

Province assumes 100% of the cost of the community grants program and 90-100% of Community Resources Boards.

Total Costs for Community Programs

	<u>Estimates</u> <u>1975-76</u> (\$,000)
Community Grants	8,274
Resources Board Services	20,124
Total	<u>28,398</u>

2. Health Care Services

(a) Pharmacare

Pharmacare provides free prescription drugs for persons over 65 and subsidizes the cost of drugs for those under 65 and in need at 80% where the cost to a municipality exceeds \$100.00.

(b) Health Care

This program provides coverage of the health needs of all recipients of Social Allowance, Handicapped Persons Income Assistance, and for Children in Care. The provincial share of costs is 90-100% according to the type of expenditure.

Total Costs of Health Care Services

	Estimates 1975-76 (\$,000)
Pharmacare Program	20,362
Health Care Program	8,187
Total	28,549

3. Income Assistance (excluding elderly)

Social Allowance and Special Allowances are paid to British Columbians who are unable to provide for themselves. Special Allowances include grants for employment preparation, extension of opportunities, education upgrading and vocational training, dietary and prenatal services, and transportation.

Total Cost of Income Assistance Program
(excluding elderly)

	Estimates 1975-76 (\$,000)
Social Allowances	152,930
Special Allowances	14,269
Total	167,199

4. Services for Families and Children

(a) Day Care Program

This program provides day care services for children up to 12 years of age during a prolonged family illness or other crisis, or to enable the parent(s) to work or attend an educational institution. The Province assumes 100% of capital and equipment cost of day-care centres.

(b) Children in Care Program

Preventive and protective services are provided to troubled families with children, as authorized by various Acts. Substitute parenting through the Foster Home Program is also available to meet the physical, emotional and social needs of children who require foster parents.

(c) Group, Receiving, and Therapeutic Homes

This program provides assessment services and alternative care for children who cannot remain in their own homes or fit into the available foster homes.

(d) Residential and Treatment Program for Children

In addition to basic care, this program provides special services suited to the individual child's emotional or behavioural needs.

(e) Special Services for Children Program

Counselling, tutoring, or other special services, usually on a one-to-one basis, are available to help prevent the necessity of bringing a child into care.

Total Costs of Services for Families and Children

	Estimates 1975-76 (\$,000)
Day Care Program	13,443
Children in Care Program	18,512
Group, Receiving, and Therapeutic Homes	5,850
Special Services to Children Program	4,500
Residential and Treatment Programs for Children . . .	16,888
Total	59,193

5. Services for Senior Citizens and Handicapped Persons

(a) Adult Care Program

This program provides care in boarding houses and rest homes for the elderly who are ambulatory and partially able to care for themselves and in private hospitals for those requiring a relatively high degree of nursing attention but who are unable to meet the full costs of these services. Provincial share is 90-100% depending on the type of expenditure.

(b) Homemaker Program

Supplemental assistance is available to the elderly and infirm to enable them to remain in their own homes. Children may also receive temporary care under this program.

(c) Activity Centres Program for the Handicapped

Assistance is provided to centres for the development of programs to improve the quality of life and skills of handicapped persons.

(d) Seniors' Day Centres Program

The Province financially supports opportunities for senior citizens for social and recreational activities as well as inexpensive lunches and snacks.

(e) Seniors' Counselling Service Program

This program provides a service wherein a senior citizen counsellor is available to discuss issues of concern to seniors, and explain about the resources available to assist the senior citizen.

(f) Seniors' Transportation Program

Grants are provided to organizations which supply transportation for senior citizens to encourage mobility.

Total Costs of Services for Senior Citizens
and Handicapped Persons

	<u>Estimates</u> <u>1975-76</u> (\$,000)
Adult Care Program	34,682
Homemaker Services Program	7,645
Activity Centres Program for Handicapped	1,181
Seniors' Day Centres Program	189
Seniors' Counselling Service Program	145
Seniors' Transportation Program	441
Total	<u>44,283</u>

6. Special Programs for the Retarded

This program provides residential care, nursing care, and special schooling for retarded children and adults. The total 1975/76 estimated cost of these programs was \$29.5 million.

MINISTRY OF LABOUR

Provincial Youth Employment

The grant is available to all municipalities, regional districts, and improvement districts to encourage the employment of students for the summer months. The Province will pay \$22.50 per day for each student working on approved jobs plus holiday pay at 4% of total wages.

Funds are payable only in respect of jobs which would not exist without Provincial assistance. These jobs should not result in the dismissal or lay-off of municipal employees. To qualify for funding the jobs must be created for full time employment for either 88 days (May 2 to August 31, 1977) OR 47 days (June 27 to August 31, 1977).

MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING

1. Land Servicing Assistance

The objective of this program is to provide financial assistance to municipalities and regional districts for the servicing of land in order to promote housing starts.

This program provides funds for essential water, sanitary sewer, storm drainage or other necessary services on both private and public lands via short-term loans to municipalities or regional districts.

These costs are distributed among the land owners who will benefit by the development of the land via the levy of a pro-rata share of the servicing cost.

The funds are made available directly to the municipality or to the regional district in a non-municipal area.

All funds are net of any grant for water supply, trunk sanitary sewer and storm drainage available from C.M.H.C., or any other senior government capital grants which are available.

2. Rapid Transit Subsidy

Where a municipality or a group of municipalities or a regional district constructs and operates a system of public buses, railways or other form of approved public rapid transportation, the Province will provide an annual subsidy to the extent of 50% of the annual operating deficit, exclusive of depreciation charges.

MINISTRY OF THE PROVINCIAL SECRETARY AND TRAVEL INDUSTRY

Provincial Emergency Program

Under this program financial assistance is provided to municipalities and regional districts for emergency planning and outlay for capital projects as follows:

- (a) Costs of planning, salaries and other administrative expenses of Emergency Program structures within the municipalities are generally shared between the Province and the local government. The shareable amount is determined by agreement between the Province and the individual municipality or regional district.

(b) Expenditures for various types of equipment and/or installations required for authorized projects may be shared between the Province and the municipality or regional district.

MINISTRY OF RECREATION AND CONSERVATION

1. Community Recreation Centres

A Community Recreational Facilities Fund (C.R.F.F.) was established to assist and encourage communities, municipalities, regional districts, Indian Bands, and non-profit organizations to build recreational facilities in all areas of the Province.

The Province will pay one-third of the cost of a recreational facility to a maximum of \$333,333.

Types of Facilities Funded:

- | | |
|---------------------------|--------------------|
| (a) Indoor Arenas | (h) Multi-facility |
| (b) Indoor Swimming Pools | (i) Libraries |
| (c) Community Halls | (j) Sports Fields |
| (d) Recreation Centres | (k) Golf Courses |
| (e) Curling Rinks | (l) Tennis Courts |
| (f) Ski Facilities | (m) Museums |
| (g) Performing Arts | (n) Marinas |

2. Library Assistance

This Provincial financial assistance is available to municipalities and regional districts, providing certain conditions relating to the following are met:

- (a) total book stock
- (b) area in which library is located
- (c) training and payment of staff
- (d) minimum hours open for service
- (e) minimum financial support required

In addition, any public library whose municipality is in a position to become part of a larger unit of service but does not amalgamate, is ineligible for provincial aid.

3. Regional Parks Assistance

This financial assistance is made towards the acquisition and development of approved regional parks. It is provided only to those regional districts having a park function.

The rate of provincial support is one-third of acquisition and development costs.

PROVINCIAL-MUNICIPAL GRANT

PROGRAMS IN MANITOBA

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MANITOBA

A. UNCONDITIONAL GRANTS

Per Capita Grants

Under The Provincial-Municipal Tax Sharing Act, the Province assigns the revenue from two percentage points of personal income tax and one percentage point of corporate income tax to municipalities for their own purposes. For 1977, these funds are allocated as follows:

1. \$15.30 per capita, based on the 1971 Census.
2. \$14.30 per capita, as a "catch-up" grant, based on population increases of 250 or more from 1971-1975.
- 3.* \$1.00 per capita "police and urban services supplement", for towns and cities with a population up to 7,500 and not receiving other police grants, and \$2.00 per capita for towns and cities with population over 7,500 not receiving other police grants.

The 1977/78 estimated grants under these programs amounted to \$21.4 million.

* Administered under the Department of the Attorney General.

B. CONDITIONAL GRANTS

DEPARTMENT OF AGRICULTURE

1. Community Wells Program

The Province provides a capital grant of 50% towards the cost of providing a well for community purposes. A community purpose may be a skating rink, curling rink or a community water supply. This grant is generally paid to villages that are too small to install water mains. No operating grant is paid.

2. Grasshopper Control

Under this program the Province supplies insecticides to municipalities for spraying. The municipalities pay for the cost of spraying.

3. Manitoba Water Services Assistance

This program assists municipalities by providing capital grants towards the cost of new water and sewer works. The grant is based on equalized assessment, a mill rate, the proposed cost of the project, and the existing capital debt in the case of extensions or improvements. An example follows of how the grant is determined:

Example:

Equalized assessment of Municipality	\$1,000,000
Existing Capital Debt	150,000
Cost of Proposed Sewer and Water Project	500,000
Present value of 20 mills on an equalized assessment of \$1,000,000 for 20 years at 8%.	
(Present value rate of 9.8181 x \$20,000)	196,362
<u>Less:</u> Existing sewer or water debt	<u>150,000</u>
	\$ 46,362
<u>Add:</u> 50% of remaining project cost	
((\$500,000 - \$46,362) x 0.50)	<u>226,819</u>
<u>Loan</u> to be repaid by municipality	\$273,181
<u>Grant</u> to be provided by Province	<u>226,819</u>
	\$500,000

4. Noxious Weeds

This program is intended to encourage effective weed control. One or more municipalities must form a Weed Control District under which this program is administered and through which grants are paid. The Province provides 50% of the operating costs of this program.

DEPARTMENT OF HEALTH AND SOCIAL DEVELOPMENT

Social Assistance and Welfare Services

It is the Province's responsibility to cover assistance for the aged, the mentally ill, widows, mothers' allowances, child welfare, home care, rehabilitation and counselling, adoption services and community development. Municipal responsibility is limited to direct aid provided to people in need who do not qualify for Provincial social allowances, and generally consists of (i) work activity projects (ii) municipal welfare services and (iii) indigent burial for those not over 65.

The rate of Provincial grant to municipalities on assistance payments to area residents is the greater of 40% of total annual costs or 80% of the difference between total costs and 1 mill on equalized assessment. Assistance to non-area residents is covered 100% by the Province. An operating grant for welfare services of 50% of the increased annual welfare costs over 1964-65 is also available. The 1975-76 expenditure for Municipal Assistance Grants was \$7.5 million.

MANITOBA HEALTH SERVICES COMMISSION

Ambulance Assistance

This program encourages municipalities to develop and operate local ambulance systems. A per capita grant is available ranging from \$1.00 to \$1.50, taking into account an equalized assessment formula. Municipalities within a Hospital District may wish to submit a combined program, towards which grants may be pooled. Financial support for approved services may be used for:

- (a) capital investments in vehicles, equipment and communications;
- (b) operating expenses;
- (c) contract payment for service.

The 1975-76 expenditure was \$1.1 million.

DEPARTMENT OF HIGHWAYS

1. Innovative Urban Transportation

The Province provides 50% grants towards the costs of such innovative projects as dial-a-bus, bus shelters, feeder buses, and transit for the physically handicapped.

2. Street Construction

The Province provides assistance towards:

- (a) the construction and reconstruction of highways in cities, towns and villages. This capital grant covers 50% of costs.
- (b) construction and reconstruction of highways in municipalities and unorganized territories. Grants are at 50% or 100% of costs depending on the category of road.
- (c) special assistance is available to Metropolitan Winnipeg for construction, reconstruction, repairing and maintenance of roads. Rate of grant is based on \$2,400 per lane mile.

TOTAL EXPENDITURE IN 1975-76

	(\$ millions)
(a) Roads in cities, towns and villages	1.0
(b) Unorganized Territories	1.8
(c) Metropolitan Winnipeg	<u>2.4</u>
	\$ 5.2

3. Urban Transit

The objective of this grant is to maintain transit fares at a reasonable level.

Assistance is available to municipalities owning and operating a public transit system or to

municipalities subsidizing private transit systems. Capital grant rates are 50% of construction costs, and operating grants cover 50% of deficit or 50% of passenger revenue, whichever is the lesser.

DEPARTMENT OF INDUSTRY AND COMMERCE

1. Airport Assistance Program for Southern Manitoba

The Province provides a capital grant of 100% of costs up to \$4,000 in any five-year period, and an operating grant of \$600 per annum. Loans for approved projects are available up to \$20,000 repayable over 20 years at an interest rate of 1/4 of 1% above the Provincial borrowing rate. One or more municipalities must form an Airport Commission, which then applies for the grants and loans. To qualify, an airport must be licensed by the Ministry of Transport, and be maintained at a level commensurate with its licence.

2. Regional Development

Under this program the Province provides operating grants of:

40¢ per capita for cities and towns;

30¢ per capita for villages;

20¢ per capita for rural municipalities and local government districts.

The Provincial government also provides a basic operating grant of \$30,000 annually to each of the regional development corporations which must be formed by a group of participating municipalities.

DEPARTMENT OF MINES, RESOURCES AND ENVIRONMENTAL MANAGEMENT

1. Resource Conservation Districts

Resource Conservation Districts which have been formed under The Resource Conservation Districts Act may apply for grants available:

- (a) District Supervisor Grants - 75% of audited board costs;
- (b) Works Program Grants - 85% of audited board costs;
- (c) Easement Acquisition Grants - 85% of audited board costs;
- (d) District Administrative Costs Grants - 75% of audited board costs.

The payment of the grant is dependent upon the acceptance of the annual program by the Resource Conservation Districts Commission and the Minister of Mines, Resources and Environmental Management.

2. Watershed Conservation Districts

Watershed Conservation Districts which have been formed under The Watershed Conservation Districts Act

may apply for Works Program Grants as follows:

- (a) Land Management Program - 85% of audited board costs;
- (b) Water Control Projects - 70% of audited board costs;
- (c) Flood Control Projects - negotiable rates of assistance.

The payment of the grant is dependent upon the acceptance of the works program by the Watershed Conservation Districts Commission and the Minister of Mines, Resources and Environmental Management.

DEPARTMENT OF MUNICIPAL AFFAIRS

Special Loan and General Emergency Fund

To alleviate the incidence of high unemployment, the Province provides forgiveness on loans to municipalities which provide employment programs. The rates of forgiveness are 50% for authorized labour between June 1 and November 30, and 100% between December 1 and May 31. Loans for approved projects are made to a maximum \$15.00 per capita based on the higher population of the municipalities as shown by (a) the Manitoba Health Service, or (b) the latest Statistics Canada Census. Loans are available to any municipality, or to groups of municipalities, which jointly undertake regional projects.

DEPARTMENT OF TOURISM, RECREATION AND CULTURAL AFFAIRS

1. Community Centres

For Community Recreation Centres, the Province makes available a capital grant for recreational facilities to any community organization via a municipality other than the City of Winnipeg. The local government must agree to assure financial operating support when the project has been completed.

The grant is based on 25% of the project cost to a maximum of \$20,000 per project, and is paid when the organization has completed at least three-quarters of the project.

Joint Projects

Organizations, communities or municipalities may develop a joint project under this program. In this case, a recreation facility may qualify for more than the \$20,000 maximum grant. The total grant may not exceed \$20,000 per municipal corporation involved in the project.

The City of Winnipeg may receive a capital grant for recreation facilities from time to time, but this does not occur on a regular basis. A grant of this type is considered on the merits of the project submitted.

2. District Recreation

This program provides for the formation of recreation districts in rural Manitoba which may apply for assistance to hire a full-time recreation director to implement and co-ordinate community and school recreation programs.

The annual grant to a district is based on the following formula:

- (a) a \$2,000 basic grant;
- (b) a \$1,000 grant for each participating municipality;
- (c) a \$1,000 grant for a district with a population of more than 10,000 people;
- (d) a \$1,000 grant for a district with an average population density of less than 10 people per square mile;
- (e) a grant based on the total assessment of the district;
 - \$3,000 where total municipal assessment is less than \$10 million;
 - \$2,000 where total municipal assessment is \$10-20 million
 - \$1,000 where total municipal assessment is greater than \$20 million.
- (f) \$1,000 for an agreement(s) with the school division(s).

The total grant is the sum of any or all of the above.

Three or more municipalities and school divisions may enter into an agreement to form a district and apply for assistance

to hire a full-time recreation director. This program is designed to assist those communities which cannot make use of the \$2,000 basic Recreation Director Grant.

3. Libraries

(a) An establishment grant:

Municipal: \$200,000

Regional: \$10,000 for two municipalities plus
\$2,000 for each additional municipality.

(b) Operating Grant:

(i) Option A (after first year of operation)

Municipal: \$2,000 for main branch, plus
\$1,000 for each additional branch
or bookmobile

Regional: \$2,000 for each municipality, plus
\$1,000 for each bookmobile.

An annual special grant is available at 30% of the first \$10,000 of a municipality's tax levy, 10% on the next \$10,000 and 5% on the excess over \$20,000.

(ii) Option B (after first year of operation)

Municipal: 50% of operating costs up to a
maximum of \$2.00 per capita, pro-
viding the library services a
population of 10,000 or more.

Regional: 50% of operating costs up to a maximum of \$2.00 per capita, provided the library services 3 or more participating municipalities.

4. Museums

For the Museum of Man and Nature, the Province makes funds available for the development of exhibits on the basis of \$2.00 for every \$1.00 raised by that organization from other sources, to a maximum of \$100,000 per year. At present, this is limited to a 5 year program. For other museums, there are no regular capital development programs, although a museum owned and operated by a municipality may upon request qualify for a grant to a maximum of \$2,000 annually. This grant may be used for either capital or operating purposes.

5. Parks

(a) Regional Parks

For the development of Regional Parks, the Province administers a Regional Parks Assistance program. Although in the pilot project stage at present, this program is expected to provide assistance for both development and operation of a regional park subject to the establishment of a formal park authority to conduct and manage the regional park.

Funding is based on a matching grant. The authority's portion may be either actual expenditures or the value of volunteer support.

(b) Municipal Parks and Zoos

The Province also provides grants for parks and zoos. The City of Winnipeg receives funds covering direct operational costs for the Assiniboine Park and Zoo. Capital funding is also provided to specified projects for zoo development.

6. Recreation Directors

This is an operating grant of one-third of a recreation director's salary to a maximum of \$2,000 per annum that is available to any municipality employing a full-time recreation director. (This grant is not available to the City of Winnipeg).

7. Tourist Information Office

This is an operating grant on a matching basis to a maximum of \$400 per annum for approved offices. The office must be staffed a minimum of 7 hours each day at least 6 days a week by at least one person whose time is fully devoted to supplying tourist information and literature to visitors. Offices must be either separate or situated in a non-commercial building.

PROVINCIAL-MUNICIPAL GRANT

PROGRAMS IN NEWFOUNDLAND

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A. UNCONDITIONAL GRANTS

Revenue Grants

These unconditional grants are payable to all incorporated areas in the province. They are based on local tax collections and are paid annually on the following scale:

1. \$2.00 for every \$1.00 of tax collected up to \$1,000
2. \$1.00 for every \$1.00 of tax collected from \$1,001 to \$ 5,000
3. \$.90 for every \$1.00 of tax collected from \$5,001 to \$15,000
4. \$.70 for every \$1.00 of tax collected from \$15,001 to \$25,000
5. \$.50 for every \$1.00 of tax collected in excess of \$25,000

The maximum grant payable per annum is \$150,000 for any one municipality. Taxes on which grants are based are limited to those on real property, businesses, coal and oil, vehicles, water and sewerage rates, service fees, and grants in lieu of taxes. Revenue grants are also paid on local improvement assessments levied with respect to the laying of water mains and sewers, the construction of curbs and sidewalks, and the paving of streets. The Province also makes an annual unconditional grant towards the cost of operations of the City of Corner Brook. The total cost of the above revenue grants in 1976/77 was estimated at \$7.2 million.

B. CONDITIONAL GRANTS

1. Emergency Assistance

These grants are made available to meet emergency situations which necessitate expenditures beyond the immediate capacity of a municipality.

2. Fire Fighting

The Provincial-Municipal Fire Fighting Program provides 50% of the cost of fire fighting apparatus and accessories for municipalities. In the case of the City of St. John's, the total cost of fire fighting is paid for by the Province.

3. Initial Grants

These grants are made available to new municipalities to assist in setting up office and inaugurating a program of public improvements. They are paid in varying amounts and are determined on the basis of need. The 1976/77 grants amounted to an estimated \$20,000.

4. Recreation Facilities

The cost of constructing stadiums in the Province is shared between the Department of Rehabilitation and Recreation, the Department of Municipal Affairs and Housing, and the municipality. For the purpose of cost sharing with the Government, the maximum

cost of a stadium shall be deemed not to exceed \$700,000. The Department of Rehabilitation and Recreation contributes \$300,000 towards the cost of the facility. The balance of the costs involved (not exceeding \$400,000) is shared equally by the Department of Municipal Affairs and Housing and the municipality. Any monies required over and above that amount must be found exclusively by the municipal authority concerned. 1976/77 grants were estimated at \$250,000.

5. Road Maintenance

These grants are available in the following amounts to all incorporated areas except the Cities of St. John's and Corner Brook:

- (a) Summer Maintenance \$800 per mile for the first five miles and \$600 per mile for the balance.
- (b) Winter Maintenance \$800 per mile for the first five miles and \$600 per mile for the balance.

In the case of Community Councils which govern small settlements, winter maintenance is carried out by the Department of Transportation and Communications except in instances where the Community Council requests permission to undertake the work. If the Council concerned can satisfy the Department that they are capable of performing the work, it receives the Winter Maintenance Grant. 1976/77 grants are estimated to be \$2.0 million.

6. Street Paving and Reconstruction

Under the terms of the Provincial-Municipal Street Paving and Reconstruction program, the Province provides 60% of the cost of approved projects for reconstructing or paving municipal roads and streets. 1976/77 grants were estimated at \$2.5 million.

7. Urban Transit

Financial assistance is provided towards the operation of an urban transit system. The grant is at the rate of \$4.00 per capita based on the latest census figures provided by Statistics Canada, to a maximum of \$385,000.

8. Water and Sewer Systems

Each year the Department of Municipal Affairs and Housing prepares a municipal capital projects program, based on requests from the municipalities, for the financing of water and/or sewer systems; this program is submitted to the Provincial Cabinet for decisions on which projects will be approved.

Financing by means of Government guaranteed bank loans is arranged, and these loans are subsequently refinanced on a long-term basis by the Newfoundland Municipal Financing Corporation,

a Crown Corporation. As debt charges on the long-term loans become due, the Department of Municipal Affairs and Housing ascertains how much each municipality can contribute, if anything, towards the debt charges.

PROVINCIAL-MUNICIPAL GRANT

PROGRAMS IN NEW BRUNSWICK

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A. UNCONDITIONAL GRANTS

The Province pays a percentage of municipal expenditures (net of non-tax revenue) to municipalities in the form of unconditional grants. The percentage of support is derived from the municipal assessment, incorporating equalization adjustments in recognition of assessment deficiency, population density, and urban costs. The following description outlines the determination of support rates.

A grant base, equivalent to 1 per cent of a municipality's assessment, is first established. To this amount the following equalization adjustments are added in order to arrive at a total grants base:

- an equalization adjustment in recognition of the assessment resource deficiency of the municipality based on the average level of taxable assessment across the province;
- an equalization adjustment based on assessment per road mile in recognition of population density. If the assessment per road mile for the municipality is below the average, its base for grants payment is increased. Only 0.25 of this grants base is used, since assessment per road mile is deemed to have less weight than taxable assessment.
- an equalization adjustment based on population which recognizes the increasing cost of providing services in urban

areas as population increases. This adjustment is determined as a straight percentage supplement to the grant base as population rises above 5,000.

The sum of the equalized portions of the grants base is expressed as a percentage of total grants base. This percentage is then multiplied by the municipality's expenditure (net of non-tax revenue) to arrive at the municipal grant entitlement. The following is a concise summary of the grant formula:

$$(i) \text{ Grant} = (\text{Percentage of Support}) \times (\text{Expenditure, net of non-tax revenue})$$

$$(ii) \text{ Percentage of Support} = \frac{(\text{MGB} \times R) + (\text{MGB} \times D) + (\text{MGB} \times U)}{\text{MGB} + (\text{MGB} \times R) + (\text{MGB} \times D) + (\text{MGB} \times U)} \times 100$$

Where:

MGB = Municipal Grants Base (1% of municipal assessment)

R = Resource Deficiency Factor

$$= \frac{\text{Provincial Average Per Capita Assessment}}{\text{Per Capita Assessment of Municipality}}$$

D = Density Adjustment Factor

$$= \frac{1}{4} \frac{(\text{Provincial Average Assessment Per Road Mile})}{(\text{Assessment Per Road Mile of Municipality})}$$

U = Urbanization Factor

$$= \frac{(\text{Municipal Population} - 5,000)}{2,000}$$

The 1977/78 budgeted unconditional grants amounted to \$41.2 million.

B. CONDITIONAL GRANTS

1. Neighbourhood Improvement

This program was established to facilitate the conservation and improvement of residential neighbourhoods that are threatened by physical and social deterioration. Eligible neighbourhoods should be predominantly residential and a significant portion of the housing stock should be in need of rehabilitation. The residents of these neighbourhoods should, for the most part, be low and moderate income people.

Financial assistance is available to municipalities on the following basis:

- (a) A federal grant of 50% of costs, a Provincial grant of 12.5% of costs, and a federal loan of 28.5% of net municipal costs are available for items such as:
- selection and planning of neighbourhoods;
 - acquiring land and building medium and low density housing for individuals and families of low and moderate income as well as recreational or social facilities;

- developing occupancy and building maintenance standards that will apply to the neighbourhood.

(b) A federal grant of 25% of costs, a Provincial grant of 20% of costs, and a federal loan of 41.25% of net municipal costs are available for such items as:

- improving municipal and public utility facilities for the neighbourhood;
- acquiring and clearing land that may not be acquired or cleared under paragraph (a) above;
- a federal loan of 100% of the value of loans made by municipalities for the improvement of commercial premises. A commercial loan may not exceed \$10,000 and must be used for physical improvements to the building proper.

2. Sewage Treatment

In addition to the financial assistance available to municipalities respecting sewage treatment under The National Housing Act, the Province, under the provisions of The Water Act, is authorized to enter into an agreement with a municipality whereby the municipality will be paid an annual grant equal to one-half of the interest on debt incurred for sewage facilities.

3. Site Clearance

For the selective clearance of isolated pockets of sub-standard residential buildings outside of Neighbourhood Improvement Areas, financial assistance is available to municipalities in the form of a federal grant of 25% of costs, a Provincial grant of 20% of costs, and a federal loan of 41.25% of net municipal cost for the following items:

- relocation of individuals who have been dispossessed of housing accommodation as a result of a project for which assistance is sought;
- acquiring or demolishing houses, less the market value of the land after the acquisition or demolition of the houses.

4. Stimulation Grant

Provision is made in The Municipal Assistance Act for the payment of stimulation grants to municipalities for the purpose of upgrading services or facilities. Such grants may be either current or capital in nature, but, if capital, they must be used to reduce the municipality's capital borrowing related to the service or facility for which they are made.

Stimulation grants may be paid to any municipality or credited to a local service district, and may be paid to enlarged municipalities created as a result of amalgamation or annexation.

The total amount of stimulation grants in any one year , exclusive of those paid to an enlarged municipality, shall not exceed 15 per cent of the total amount of unconditional grants.

5. Subsidized Rental Housing

Provisions are made for rental accommodation for families and senior citizens in the form of single family dwellings, new housing units, apartments or hostels. The rental charged to the family or individual is based on the family or total income of the residents.

The projects are owned and operated by the New Brunswick Housing Corporation and, as of January 1, 1974, they are financed by a 90% loan from the federal government and a 10% loan from the Provincial government. Operating losses are shared equally by the two senior government levels. Municipalities are requested to conduct "need" surveys, outlining appropriate construction for water and sewer facilities for viable communities.

6. Utility Services

The services of water, sanitary sewerage and electric power are classed as utilities under The Municipalities Act. Utility service must be financed on a user-charge basis. With two exceptions: no part of water or sanitary sewer costs may be

included in the municipality's regular operating budget. In other words, utility service charges are not reflected in the tax rate of the municipality.

The exceptions referred to above include the following:

- (a) A part of water costs determined by Regulation may be charged against fire protection.

Under the Regulation the municipality may charge annually for fire protection either an amount not exceeding \$120 per hydrant or, for the municipality:

- (i) in which the population is under 3,000 - 65 per cent of the water costs;
- (ii) in which the population is between 3,001 and 5,999 - 55 per cent of the water costs;
- (iii) in which the population is between 6,000 and 15,000 - 50 per cent of the water costs;
- (iv) in which the population is between 16,000 and 49,999 - 40 per cent of the water costs; and
- (v) in which the population is over 50,000 - 35 per cent of the water costs.

The municipality has the option of using either the hydrant rental charge or the percentage of water costs.

The term "water costs" includes all water costs except administration and general costs, billing and collecting,

purification and treatment, depreciation, allowances for accounts receivable and costs related to sewers.

- (b) A portion of the cost of storm sewers in a combined system may be included in the regular municipal operating budget.

PROVINCIAL-MUNICIPAL GRANT

PROGRAMS IN NOVA SCOTIA

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A. UNCONDITIONAL GRANTS

Nova Scotia's present unconditional grants were designed to reduce the financial burden on residential property taxpayers. It is a grant based on a percentage of the funds allocated to the Education Foundation Program.

The amount of funds available for grants is 20 per cent of eligible education expenditures; that is, the municipal portion of shareable costs. A municipality's grant is then determined by first deriving its percentage share of total residential property taxes and multiplying this share by the total funds available for grant.

B. CONDITIONAL GRANTS

1. Child Welfare Services

The total cost of ward supervision by Children's Aid Societies is borne by the Province. On the other hand, the Province does not provide specific grants for capital purposes.

If the operating costs include the payment of rent or a mortgage, that cost is included in determining the grant received by the Society. Municipal governments share 50% of the cost of maintenance for wards in foster homes, with the Province contributing the remaining 50%. The maximum shareable weekly rate is \$31.50. Maintenance for wards who are children of

unmarried mothers is fully assumed by the Province.

Each municipal unit pays 30 cents per capita annually to a society having jurisdiction within the municipal unit concerned. This money assists in defraying the cost of the society workers' salaries and travelling expenses. An equivalent amount is paid by a municipality to the Administrator of Family and Child Welfare if there is no Children's Aid Society having jurisdiction within the municipality.

The Province pays to Children's Aid Societies in excess of 50% of the cost of protection services. The formula for determining this cost is based on the cost of one worker for every 55 protection cases.

All services to mentally retarded children, including Foster Home Care for retarded children, the Nova Scotia Youth Training Centre and four Children's Homes for **severely retarded** children, are financed entirely by the Province. The cost of maintenance of wards in child-care institutions is \$24.50 per week, with the Province paying \$18.50 per week and the municipal unit \$6.00.

The total cost of special protection services is assumed by the Province. These services include the operation of the Family Court, the salaries and expenses of the judges, and probation and after-care services. A maximum of \$28.00 per

week as board is paid by the Provincial government for the Foster Home Plan for children in need of special protection. Other costs such as clothing and medical costs are covered by the Province. The cost of maintaining children committed to training schools is paid at the rate of \$350 per year per child by the municipality, with the Province covering the remaining costs.

2. Day Nurseries

The Province may pay grants to municipalities providing day care services to defray their capital or operating costs. The percentage of day care fees financed by the grant is determined on the basis of a sliding scale related to income.

3. Fire Protection Services

The amount of assistance is a percentage of the Provincial proportion of the Education Foundation Program* multiplied by the actual cost of the eligible service or the maximum eligible cost, whichever is the lesser. The maximum eligible cost is determined by multiplying the population of the municipal unit by:

- (i) \$9.80 where the unit or the area provides fire protection through a hydrant system of the water utility, and includes the cost in its annual estimates from which it determines its tax rate.

* Current Provincial proportion of the Education Foundation Program is 80%.

- (ii) \$4.73 where the unit or the area does not either provide fire protection through a hydrant system or levy an amount for fire protection.

The Department of Public Works provides grants to municipalities in which Provincial schools, hospitals, and historical buildings are located. These grants are in consideration of fire protection services provided by the municipal units for buildings. In Halifax and Dartmouth, a grant is paid in lieu of fire protection rates in consideration of the above mentioned buildings. These grants are in the amount that would be normally paid for fire protection by private owners of property.

4. Garbage Collection and Disposal

The amount of assistance is a percentage of the Provincial proportion of the Foundation Program of Education multiplied by the actual cost of the eligible service or the maximum eligible cost, whichever is the lesser. The maximum eligible cost is determined by multiplying the population of the unit or of the area by \$4.47.

5. Homes for the Aged and Disabled

a) Operating Costs

The Province prescribes minimum standards for homes for the aged and the disabled operated by municipal units and reimburses municipal units for 66-2/3% of the per diem cost of maintaining persons in such homes on a needs test basis. The municipal units receive the same rate of grant for maintaining persons unable to pay the approved board rate, provided that the municipal unit concerned places the patient in a licensed voluntary or privately operated institution.

b) Capital Costs

The Province provides a grant of \$1,250 per bed towards the construction of homes for the aged, homes for the disabled (adult retarded), and group homes operated by municipalities or private non-profit corporations. The remainder of the capital costs of these facilities is financed through C.M.H.C. loans. The Province, through the normal operating grant provisions, contributes two-thirds of the amount necessary to meet annual principal and interest payments on the loans.

6. Police Protection Services

The amount of assistance is a percentage of the Provincial proportion of the Education Foundation Program multiplied by the actual cost of the eligible service or the maximum eligible cost, whichever is less. The maximum eligible cost is determined by:

- (i) dividing the first 5,000 population of the municipal unit or area by 1,000 and multiplying the result by \$9,600;
- (ii) dividing any population in excess of 5,000 by 1,000, and multiplying the result by \$11,200; and
- (iii) adding to the sum of the calculations under (i) and (ii) the greater of \$2,000 or \$120 per mile of streets in the city or town.

7. Public Health

The eight health units covering the province are supported entirely by Provincial funds. Each unit provides public health inspection, community nursing, preventive and nutrition services, and dental hygiene services in schools. Five units provide professional dental services for children.

A limited amount of assistance is available to municipalities to assist in the purchase and installation of fluoridation equipment. This grant assistance represents 50%

of the equipment and installation costs up to a maximum eligible cost of \$5,000 (i.e. the maximum amount obtainable is \$2,500 payable over a five-year period at the rate of \$500 per year).

A community incentive grant of \$10,000 is available to a community with a shortage of dental personnel. The community must raise an amount equivalent to 25% of the grant and obtain an agreement from a dentist to locate in the community for at least 2 years.

8. Recreation Facilities

Under the Recreation Facilities Development Program, most recreational facilities are eligible for Provincial assistance. Grants are awarded according to the merit of each project, the maximum amount being approximately \$50,000 in any given year for any specific project.

a) Basic Recreation Program Grant

A grant is paid to assist municipal units with the cost of developing or maintaining recreation services. The grant is equal to \$3,000 plus an additional per capita allotment if the population exceeds 3,000:

Population	Grant
3,000 - 5,999	50 cents per capita
6,000 - 14,999	25 cents per capita
15,000 and over	10 cents per capita

b) Leadership Grant

This grant is available only to those municipal units that employ full-time recreational leaders. Depending on the leader's qualifications, the Province will share 50%, to a maximum of \$7,500, of the salary and related costs of an employee whose employment is in the administration, supervision and coordination of community recreation services.

c) Program Incentives Grants

If a municipal unit receives the Basic Recreation Program Grant, it becomes eligible for a Program Incentive Grant. This grant is designed for specific recreation activities or age groups, and the cost sharing of each project is negotiated.

d) Capital Grant Program

The Province may provide a grant towards the costs of constructing or renovating public recreational facilities.

e) Little Red School House Grant

The Province may pay a grant, to a maximum of \$2,000, to any municipal unit or community organization for the purpose of assisting in the cost of renovating existing small buildings such as abandoned or rarely used school houses or community halls.

f) Community Recreation Internship Program

This program provides recreation students at post-secondary education institutions with practical experience in programming and administration, and assists municipalities in expanding or developing recreation services. The Province pays 50% of each intern's salary, to a maximum of \$60.00 per week, for a period not exceeding 16 weeks.

9. Regional Libraries

The Province pays a grant to each city, town or municipality which has entered into an agreement for the establishment and operation of a regional public library, an amount not exceeding \$1.00 per capita.

10. Roads

Highways in Towns and Cities

The Province provides a percentage of the cost of construction, reconstruction or maintenance of highways which form a connecting link to a main highway of the Province leading into or through the town or city. This percentage is equal to the Provincial proportion of the cost of the Foundation Program of Education in the city or town outlined under the Education Act, but is not less than 50% of the cost of highway work.

Where a bridge exceeds 10 feet in length, the Province may share more than 50% of the cost. Sidewalks and suburban subdivision roads in rural municipalities are included in the sharing formula for road costs.

11. Sewer Systems

The Province contributes towards the annual debt charges on debentures issued by a municipal unit for the cost of constructing, acquiring, altering, extending, or improving public sewers or drains.

12. Street Lighting Service

The amount of assistance is a percentage of the Provincial proportion of the Foundation Program of Education multiplied by the actual cost of the eligible service, or the maximum eligible cost, whichever is less.

13. Water Systems

The Province contributes towards the annual debt charges on debentures issued by a municipal unit for the cost of constructing, acquiring, altering, extending, or improving water works or water systems.

14. Welfare

Municipal Social Assistance

The Province reimburses each municipal unit for maintenance payments issued to Municipal Social Assistance recipients. The grant to municipal units with organized social services departments is at a minimum rate of 75%.

In units where there is no organized social services department, the rate of sharing is 66-2/3%. The same formula is applied towards the costs of upgrading the standards of administration of Municipal Social Assistance.

PROVINCIAL-MUNICIPAL GRANT PROGRAMS

IN PRINCE EDWARD ISLAND

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PRINCE EDWARD ISLAND

INTRODUCTION

Grants from the Provincial government to local governments are relatively few and are administered by one department, the Department of Community Services. Prior to 1974, the major grant paid to municipalities was an unconditional per capita grant. Two major conditional grants, one for fire fighting and one for roads and streets, were also provided to local government. A third conditional grant, for sewage treatment facilities, has increased in significance in recent years. In addition, other grants were provided in special cases to meet individual needs.

The grant structure underwent significant changes in 1974. Not only was the actual dollar value of the grants raised, but the grant structure was also rationalized through the elimination of some grants and the introduction of others. The changes were designed to reduce the disparities in municipal tax bases. Per capita, fire fighting, street improvement and other grants, except for sewage treatment, were all consolidated into a single all-inclusive per capita grant.

A. UNCONDITIONAL GRANTS

Per Capita Grants

First paid in 1947 at the rate of \$1.00 per capita, the per capita grant has increased over time. The following table summarizes the increases in rates over the past three years:

	<u>1973</u>	<u>1974</u>	<u>1975</u>
	(\$ per capita)		
Charlottetown	12.00	18.00	35.50
Summerside	12.00	18.00	27.50
Other Towns	12.00	18.00	21.00
Villages	1.25-6.00	6.00-9.00	12.00

The higher per capita rates paid to certain municipalities are intended to recognize the higher level of services provided by these municipalities.

The estimated per capita grants for 1976 amounted to \$1.4 million as compared to \$856,770 in 1974. This increase is largely a reflection of the transfer of fire fighting and street improvement grants to the consolidated per capita grant.

Supplementary Equalization Grant

This grant is intended to equalize municipal tax bases. In 1975, only municipalities with equalized assessment per capita

below the provincial standard of \$7,500* were eligible for this grant. In 1976 the standard was increased to \$8,370.

The grant is determined by first deducting the municipality's equalized assessment per capita from this standard to arrive at its resource deficiency. The deficiency is then multiplied by the municipality's population, after which the total of this deficiency product for all municipalities is determined. The grant is then calculated by multiplying the municipality's percentage share by the total funds available.

CALCULATION OF SUPPLEMENTARY EQUALIZATION GRANT*

	(1)	(2)	(3)	(4)	(5)	(6)
<u>Municipality</u>	<u>Population</u>	<u>Per Capita Assessment</u>	<u>\$7,500 - (2)</u>	<u>(1) x (3)</u>	<u>% of total in (4)</u>	<u>\$96,502 x (5)</u>
		(\$)	(\$)	(\$,000)		(\$)
Charlottetown	19,133	9,314	--	--	--	--
Parkdale	2,340	7,999	--	--	--	--
Montague	1,743	5,756	1,744	3,040	8.1	7,817
Summerside	9,439	5,536	1,964	18,538	49.5	47,768
Georgetown	767	5,323	2,177	1,670	4.4	4,246
Kensington	1,086	5,166	2,334	2,535	6.8	6,562
Alberton	1,064	4,391	3,109	3,308	8.8	8,492
Souris	1,468	3,649	3,851	5,653	15.1	14,572
Borden	650	3,297	4,203	<u>2,732</u>	<u>7.3</u>	<u>7,045</u>
				37,473	100.0	96,502

* Source: Touche Ross & Co. "An Effective Municipal Grants Program for the Future".

B. CONDITIONAL GRANT

Sewage Treatment

Conditional grants for the construction of trunk sewers and sewage treatment facilities, although a relatively recent addition to the grant structure of Prince Edward Island, have expanded rapidly. Assistance from the Provincial government to municipalities is based on the capital cost of an individual project.

Before 1971, in the case of Charlottetown and Summerside, and before 1973 in the case of other municipalities, the Provincial government paid a flat 20 per cent of the cost of installing new sewage treatment facilities. The municipality was responsible for the remaining costs except for the forgivable portion of loans available from the Central Mortgage and Housing Corporation.

The basic Provincial policy has been to cost-share with the municipality after the federal contribution has been applied. In 1971 in the case of major urban areas where an integrated treatment system was capable of serving several municipalities, the federal government (DREE) agreed to provide assistance to the extent of one-sixth of the total cost. In conjunction with this federal contribution was a CMHC forgivable loan also equal to one-sixth of the total. Thus, the federal government granted assistance equal to one-third of the total cost of the project.

The remaining financing was divided between a Provincial loan and municipal borrowing from CMHC.

In October 1971, Charlottetown, Parkdale and Sherwood, Summerside, Wilmot, and St. Eleanors, signed agreements with the Province providing for a three-way sharing of the costs of installing trunk sewer collectors and waste treatment facilities. The agreements established an equal division of financing amongst the federal, Provincial and municipal governments. The Provincial government agreed subsequently to pay, by way of a grant, 50 per cent of the municipality's annual payment of principal and interest on the loan from CMHC, and 50 per cent of the municipality's annual payment of principal and interest on the loan received from the Province.

Due to the high capital costs of trunk sewers and sewage treatment plants, many municipalities find themselves prohibited from this cost-sharing agreement despite the substantial assistance provided by the two senior levels of government.

PROVINCIAL-MUNICIPAL GRANT

PROGRAMS IN QUÉBEC

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QUÉBEC

A. UNCONDITIONAL GRANTS

DEPARTMENT OF MUNICIPAL AFFAIRS

1. Municipal Consolidation

The purpose of this program is to promote the consolidation of municipalities in order to facilitate administrative and financial efficiency. Municipalities comprising newly consolidated units are eligible for this grant.

Provincial grants may not exceed \$15 per capita to be paid in five consecutive annual instalments. The 1976-77 subsidies amounted to \$1.9 million.

2. Per Capita Subsidies

Municipalities with a population of 10,000 or more are eligible for per capita grants at rates outlined in the following

table:

<u>Population</u>	<u>Minimum Level of Subsidy</u> ($\$$)	<u>Per Capita Rates on Population Within Range</u> ($\$$)
10,000 to 20,000	64,000	6.40
20,000 to 25,000	128,000	8.55
25,000 to 35,000	170,750	10.70
35,000 to 50,000	277,750	13.90
50,000 to 100,000	486,250	17.10
100,000 to 150,000	1,341,250	20.30
150,000 and over	2,356,250	23.50

The estimated transfer in 1976-77 was \$54.6 million.

3. Redistribution of School Share of Income Tax from Gas and
Telecommunications Companies

This program provides an additional source of funds for municipalities. All municipalities are eligible. The revenues are collected by the Department of Revenue on behalf of municipalities and school boards. The distribution is based on the municipal share of 1972 revenues from this source and on population. The amount redistributed in 1976-77 was \$6.5 million.

4. Subsidies to Balance Budgets

These subsidies provide financial assistance primarily to those municipalities that are not eligible for per capita

subsidies. Municipalities eligible for this subsidy are those with populations less than 15,000. In certain circumstances, municipalities with population in excess of 15,000 may also be eligible for these grants.

The amount of grant is based on the financial need of the municipality as determined by the Department. The 1976-77 subsidy amounted to \$13.9 million, of which the cities of Laval and Quebec received \$4.5 million and \$3.0 million respectively.

DEPARTMENT OF REVENUE

1. Redistribution of Retail Sales Tax

This is an unconditional grant which compensates municipalities for their loss of authority to levy retail sales taxes. Municipalities are entitled to compensation representing one quarter of the tax collected under The Retail Sales Tax Act. The subsidy to each municipality is determined as follows:

- 12.5% of the tax collected in its economic region shared on the basis of the proportion of its population to that of the region.
- 2.5% of the tax collected in all the economic regions shared on the basis of the proportion of its population to that of the whole province.

Each rural municipality is entitled to compensation equal to 25% of the retail sales tax collected in non-organized territories under its administration. The minimum amount to be received by a municipality is either \$5 per inhabitant or the amount collected in 1964-65, whichever is higher. Total subsidies for 1976-77 amounted to \$361 million.

2. Redistribution of Retail Sales Tax on Meals and Hotels

This redistribution provides further revenue to municipalities with a population in excess of 150,000, namely Quebec, Laval and Montreal. The subsidy consists of transferring to these municipalities 50% of retail sales tax on meals and hotels collected within their jurisdiction.

B. CONDITIONAL GRANTS

DEPARTMENT OF AGRICULTURE

1. Development of Municipal Waterways

This program assists municipalities in the development, improvement, and maintenance of municipal waterways in order to ensure the purification of river-side agricultural land. Any municipal corporation acting on behalf of a group of farmers who wish to improve a waterway qualifies for a grant.

For small waterways, the Province pays a subsidy equal to 50% of the estimated cost of the project, as prepared by the Agricultural Hydraulics Service. For large waterways, the grant is 50% of the costs of repairs and maintenance work. Estimated 1976-77 Provincial grants amounted to \$12 million.

DEPARTMENT OF MUNICIPAL AFFAIRS

1. Assistance for Preparation of Town Planning and Development Projects

This program provides financial assistance to small municipalities for the execution of development and town planning projects. Municipalities with population of less than 5,000 are eligible for this subsidy. The Province pays 50% of eligible costs. In 1976-77, these grants amounted to \$517,000.

2. Fire Protection

This program provides technical and financial assistance to municipalities and is designed to prevent loss of life and property resulting from fire. Generally, municipalities with populations of less than 15,000 are eligible for grants, except in cases where services are pooled. Subsidies are based on population and cover only equipment cost. The following table

shows the grant rates:

<u>Population</u>	<u>Subsidy</u>
0 to 2,000	50%
2,000 to 4,000	40%
4,000 to 6,000	30%
6,000 to 8,000	20%
8,000 to 15,000	10%

In the case of pooled services, the subsidy rate is raised to 75%. The 1976-77 subsidy amounted to \$2.6 million.

3. Real Estate Assessment

This program provides financial assistance to municipalities involved in compiling the preliminary real estate assessment roll in accordance with the assessment manual. Any municipality in charge of compiling assessment rolls is eligible for Provincial subsidy.

The subsidy is equal to 40% of the recognized cost of drawing up the roll plus 10% based on the quality of work done. The subsidy for 1976-77 amounted to \$1.9 million.

4. Waste and Water Treatment

Eligible municipalities are the Greater Quebec municipalities, those of "C.R.O." (Outaouais Regional Community) and

others involved in water pollution abatement. Municipalities may receive loans and subsidies for the construction, purchase or development of any water conduit, sewage or water treatment system. The 1976-77 Provincial subsidy amounted to \$5.4 million.

5. Water Conduits and Sewers

This program assists small municipalities to provide their own water conduit and sewer services. Municipalities with populations of less than 15,000 are eligible for this grant, where a prior request for this assistance is submitted to the Province and a study of the viability of the projects is carried out. The total 1976-77 Provincial grant amounted to \$25.6 million.

DEPARTMENT OF TRANSPORT

1. Municipal Road Improvement

The Province provides a subsidy of 50% of expenditure incurred for road improvement. If the improvement is on a main artery, a special grant may also be provided. The 1976-77 subsidy amounted to \$12.9 million.

2. Public Transit

This financial assistance enables municipalities to

plan a more efficient transit system. To be eligible for this grant, the municipality must accept two basic principles:

- a) that mass urban transit is a local responsibility rather than a Provincial one; and
- b) that the different modes of transit must attempt to cover their own costs after taking assistance into account.

Provincial subsidies are determined on the following bases:

- a) Initially the government will assume the total cost of implementation and improvement studies for public transit services.
- b) Towards the purchase of one or more existing networks, the government may contribute up to one-third of the cost of acquisition of the service entailing the purchase of assets from a private contractor.
- c) For the purchase of rolling stock the government will provide 30% towards the purchase of buses manufactured in Quebec and used by the transit commissions. This program is also available to intermunicipal corporations which operate a network and to private contractors in charge of operating a network on behalf of the intermunicipal corporation. Furthermore, grants amounting to 60% of interest costs on subway debt are provided.
- d) In the case of a transit operating deficit, the Province pays an amount equivalent to 45% of a municipality's

operating deficit. Under certain circumstances, this rate may be increased to 55%.

The total 1976-77 subsidy amounted to \$67.4 million.

3. Winter Road Maintenance

This subsidy enables a municipality to maintain, during the winter months, a municipal road for which it is responsible. The Province pays a rate ranging from \$520 to \$800 per mile, depending on the region. The 1976-77 total subsidy was \$15.6 million.

PROVINCIAL-MUNICIPAL GRANT

PROGRAMS IN SASKATCHEWAN

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SASKATCHEWAN

A. UNCONDITIONAL GRANTS

1. Equalization Grant

This grant is paid to cities, towns and villages whose average per capita assessments are below \$1,933, \$1,682 and \$1,421, respectively. Total deficiency is determined by multiplying the per capita assessment deficiency of a municipality by its population. The grant is then calculated by multiplying the above deficiency by the average mill rate for the category of municipalities (cities, towns, villages) to which the municipality belongs.

2. Per Capita Grant

All cities, towns, villages and organized hamlets are eligible for unconditional grants at \$20 per capita.

B. CONDITIONAL GRANTS

DEPARTMENT OF AGRICULTURE

1. District Agricultural Fieldmen

This program provides assistance for the supervision

of various improvement projects being conducted by rural municipalities and local improvement districts. It is administered by agricultural extension district boards. The types of projects requiring supervision under this program are: warble and other pest control, weed control, tree planting and tree distribution.

2. Weed Control

This program assists farmers, rural municipalities and local improvement districts in controlling and eradicating perennial weeds.

The Province provides grants of 50% of the cost of:

- approved weed control chemicals
- wages and expenses
- the cost of control where done under contract.

DEPARTMENT OF THE ATTORNEY-GENERAL

Police Services

Police costs are shared above a specified ceiling. Where the net cost of police services for 1974 exceeds an amount equal to 6 mills on the assessment of the municipality, the municipality receives a grant equal to two-thirds of the excess.

"Net" cost is total cost of police services minus revenue from fines.

DEPARTMENT OF EDUCATION

Municipal Libraries

Subsidies under this program assist municipal public libraries in the purchase of books and in the provision of back-up services to the Provincial library system.

Operating Grants: The cities of Regina and Saskatoon receive special purpose annual grants of \$100,000 for printed material, \$35,000 for resource staff and \$25,000 for program development. Libraries in small centres not within established provincial regional library districts receive a matching grant for book purchases. Libraries in other cities and in smaller centres within the province's regional library system receive no grants.

Capital Grants: A grant of 50% of the cost of construction or renovation of library facilities, up to a ceiling of \$10,000, is available to Northern Saskatchewan libraries and to the Regina and Saskatoon library systems.

DEPARTMENT OF THE ENVIRONMENT

1. Sewage Treatment Projects

This program assists municipalities and municipal sewerage corporations in the elimination or prevention of water and soil pollution through the construction and expansion of sewage treatment projects.

Central Mortgage and Housing Corporation provides loans of up to two-thirds the cost of the construction or expansion of a central plant for the treatment and disposal of sewage wastes and/or the construction of one or more trunk storm and sanitary collector sewers. Where the project is completed to the satisfaction of C.M.H.C., the Corporation may forgive payment of 25% of the principal amount of the loan and 25% of the interest that has accrued in respect to the loan as of the date of completion.

2. Small Community Water and Sewage Program

Assistance is available to small municipalities with populations up to 250 people, consisting of free technical advice on design and cost estimates on construction of plastic water and sewerage systems.

3. Water and Sewerage Systems

Capital grants are available to urban municipalities other than cities to help finance the installation of waterworks and sewerage systems or to improve existing systems and assist in research with respect to such systems.

Provincial support is available at the following rates:

- 1) Conventional Waterworks systems - 60% of the first \$10,000 of the capital costs and 50% of the remainder.
- 2) Conventional Sewerage Systems - 33 1/3% of the capital costs
- 3) Water Supply Lines in excess of one mile in length - 50% of the capital costs.
- 4) Plastic Waterworks and Sewerage systems - 50% of capital costs up to \$300 per capita.

There is a grant ceiling of \$150,000 for any of the above projects. For programs under 1) and 2) above grants will be reduced by any grants or loan forgiveness earned under any other federal or Provincial program except the Community Capital Fund.

4. Water Pollution Control

Assistance to cities towards financing the capital cost of constructing water pollution control works is available at

10% of the capital cost of projects to a maximum of \$500,000. Additional open-ended grants at a 15% rate are available for advanced treatment works where extremely high treatment is required (e.g. phosphorous removal).

DEPARTMENT OF HEALTH AND WELFARE

1. City Health Department Assistance

The Province provides assistance to the cities of Regina and Saskatoon in providing public health services to their residents. The grant is paid at a rate of \$1.50 per capita (1973 rate).

2. Community Services

This program provides assistance to the aged and disabled to allow them to live active independent lives. Financial assistance is available to municipalities and local community organizations for the construction of senior citizen centres for medical, cultural and information purposes, home care, and physical aids. The rate of assistance is 40% of approved operating costs and 20% of construction or renovation costs of such senior citizen centres.

3. Saskatchewan Assistance Plan (S.A.P.) and Canada Assistance Plan (C.A.P.)

The Saskatchewan Assistance Plan provides financial assistance and health services both to help people in economic need and to develop services that prevent or alleviate poverty. The above two programs integrate child welfare, work activity and social service programs.

The cost-sharing formula is:

Federal Government	- 50%
Provincial Government	- 45%
Municipal Government	- 5%

Generally, the Province administers all programs and municipalities are billed for their share. However, Prince Albert and Moose Jaw administer their own assistance programs.

4. Special Care Homes

This program encourages the development and support of suitable housing and care facilities for persons with special needs requiring institutional care. Assistance is available to municipal and charitable organizations for 20% of the capital construction costs of homes which they sponsor.

5. Transportation of the Handicapped

The Province assists urban municipalities in the provision of specialized transportation services for the handicapped. A subsidy of 75% of municipal costs is available for

expenditures on:

- 1) the acquisition of Provincially approved rolling stock for specialized transit;
- 2) the construction of approved facilities related to transportation of the handicapped;
- 3) studies regarding transportation of the handicapped.

In addition, there is a subsidy of 50% of the operating deficit incurred in providing specialized transportation services.

6. Venereal Disease Control

This program is intended to ensure that all reported cases of venereal disease are provided with proper medical treatment. A grant of \$1,000 per city is paid to Regina and Saskatoon.

DEPARTMENT OF HIGHWAYS

1. Bridges and Farm Access Roads

The Province makes technical and financial assistance available to rural municipalities, towns and villages in the construction and maintenance of bridges as follows:

Construction Grants

- 1) Bridges over 100 feet in length - 100% subsidy
- 2) Bridges 20 to 100 feet long - subsidy varies from 20% to 80%, and is determined by a standard bridge assistance formula.

Maintenance Grants

- 1) Bridges over 100 feet - 100% subsidy
- 2) Bridges 20 to 100 feet - same basis as construction grants except that the municipality pays the first \$200 of repair costs per year.

2. Grid Road Maintenance

Assistance is provided to all municipalities for maintaining grid road systems. The subsidy is 50% of costs with a ceiling based on a number of miles of grid road eligible for maintenance assistance.

3. Grid Surfacing

Assistance is made available towards the cost of oiling road surfaces in rural municipalities which carry relatively heavy traffic (i.e. 150 vehicles per day or more). The grant rate is generally the same as the grant for main farm access roads (see below), plus 15%.

4. Industrial Access Road Improvement

Assistance is available to municipalities for providing or improving access roads serving industrial sites where significant traffic is generated by industry. The levels of Provincial support are as follows:

- 50% of the costs of grading, gravelling and bridging for the municipality where the industry is located.
- 80% of the same costs for municipalities enroute to the industrial site.
- 100% of the cost of hard surfacing, if required.

5. Main Farm Access Roads

This program provides farm residents with all-weather roads from farms to marketing centres. To qualify for assistance, roads should carry an average of 30 vehicles per day.

The grant formula is as follows:

- i) 40 - 60% of costs up to \$5,000 per mile
- ii) an additional 15% of costs over \$5,000 per mile
- iii) an additional 10% of costs over \$10,000 per mile
- iv) 70% assistance in unincorporated areas.

6. Municipal Grid Roads

Financial and technical assistance is available to rural municipalities for constructing an inter-municipal

all-weather road network. The grant rate is determined by a sliding scale, and varies from 40% to 65%.

7. Operation Main Street

Assistance to towns, villages and hamlets with populations above 50 persons is available to improve the quality of their main streets. Additional assistance is provided to maintain open roads to these communities that are within three miles of a highway. The sharing formula for main streets is as follows:

- 70% of actual costs of subgrade preparation.
- 70% of a flat rate for oil treating
(flat rate is 75¢/sq. yd.)
- 70% of actual cost for sand sealing
- 70% of a flat rate for centre striping
(flat rate is \$150.00 per mile)
- 50% of maintenance costs.

8. Regravel Assistance

These grants to rural municipalities help maintain all-weather roads. The subsidy rates vary from 40% to 60% of costs, depending on the number of cubic yards of gravel used per road mile in a given year.

9. Transportation Assistance for Cities

The Province assists municipalities in providing transportation systems and public transit on the following bases:

Roads

- 1) Highways connecting streets - 50% subsidy for cities over 15,000 population and 75% in smaller cities.
- 2) Arterial streets - 50% subsidy
- 3) Transportation studies - 75% subsidy

Transit

- 1) Transit facilities (lanes, busways, shelters, and stations) - 75% subsidy
- 2) Rolling Stock - 50% subsidy
- 3) Operating costs - subsidy of 3¢ per passenger.

DEPARTMENT OF RECREATION & COMMUNITY SERVICES

1. Community Centres

The Province has allocated \$47 million to the Community Capital Fund program, which was established to aid municipalities in planning and financing essential urban services and facilities over a five year period. Grants from the Community Capital Fund are made available to urban communities on the basis of \$15.00 per capita per year. Assistance from this fund

towards cultural and recreational facilities account for approximately 30% of the amount expended thus far.

2. Community Lighted School House

An incentive grant of \$100 per school is available to the local recreation boards which negotiate and sign an agreement for the use of school facilities for community programs.

3. Community Recreation Directors

These grants are available to encourage municipal recreation boards to employ a full-time recreation director. An initial grant of 60% of the recreation director's salary is available to a maximum of \$3,600, with a further maximum grant of \$3,000 per year thereafter.

4. Community Recreation in Northern Communities

This program assists in developing community activities in sports and recreation, in training individuals selected by the northern communities to be para-professional leaders in sports and recreation, and in aiding these communities to carry out the desired recreational program.

The grant contributes \$400 per month towards the salaries of local recreation leaders. There is a \$500 per capita grant to communities for recreation programming. Grants are also

paid for special events and training programs undertaken by local communities.

5. Events Development

The Province encourages the development of new annual events, such as winter and summer festivals, ethnic festivals, sailing regattas, fish derbies, band festivals and other related events.

The grant formula is on a matching basis with the municipality, and generally has a ceiling based on the drawing power of the event. The current ceiling is \$1.00 per tourist.

6. Project Support

This grant provides encouragement and financial assistance for expanding recreation programs and facilities. The grant is in the amount of 60% of the cost of the project to a defined maxima based on the population of the community. The amount of support ranges from a minimum of \$400 per community to a maximum of \$6,000 for communities with a population of 10,000 or less.

7. Regional Parks

These grants provide outdoor recreation facilities which are within easy driving distance to rural residents.

The subsidy rate is 60% of capital expenditure.

SASKATCHEWAN HOUSING CORPORATION

1. Land Acquisition and Development

The Province provides assistance to ensure an adequate supply of serviced land for housing and related purposes, and to hold down the cost of land through volume sales. Requests for land acquisition originate with the municipality.

The cost-sharing formula is as follows:

Federal (C.M.H.C.) - 75%

Province (Sask. Housing Corp.) - 20%

Municipality - 5%

Capital investment is recovered from the sale of lots according to the percentage contributed.

2. Land Assembly

The program is administered by the Province but requests for land assembly are initiated by municipalities, subject to Provincial and C.M.H.C. approval. The cost-sharing formula is the same as that governing the land acquisition and development program.

3. Low Rental Housing

This program provides assistance towards public housing for low income families. Units are constructed or acquired by agreement among the three levels of government. The Province and C.M.H.C. establish criteria for communities eligible to receive subsidized housing. These municipalities may then submit applications for subsidized housing. Administration of the housing units is the responsibility of local housing authorities. The cost-sharing formula is 75% C.M.H.C., 20% Provincial and 5% municipal.

4. Non-Profit Housing

This program provides assistance to non-profit organizations, including those owned by municipalities, in making housing available for people of limited means. C.M.H.C. contributes up to 10% of costs. The Saskatchewan Housing Corporation will contribute a further 20% for senior citizen projects.

